

Inari
Amertron
Berhad

**ANNUAL
REPORT
2024**

Inari Amertron Berhad
(Registration No. 201001016131 (1000809-U))

ACTUALIZING
THROUGH
**TECHNOLOGY &
INNOVATION**



ACTUALIZING
THROUGH

**TECHNOLOGY &
INNOVATION**

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OUR **KEY BELIEFS**



Integrity

Need all levels
to walk the talk
at all times

No Excuse

Focus on the
Success Formula

Aligned Partnership

Customers -
Our Team -
Suppliers

Result Oriented

To delight Stakeholders,
Customers and
Employees

Initiative

Positive and
Can-Do
attitude

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This Annual Report can be
downloaded or viewed in PDF file at
www.inari-amertron.com



ABOUT US

One of the largest Malaysian technology companies with total built-up production floor space of 2.15 million square feet across Malaysia, Philippines and China.



OUR VISION

Be valued and strategic partner to niche customers



OUR MISSION

- Deliver Quality Services & Products To Our Customers
- Treat Staff, Customers, Our Business Partners Fairly
- Deliver Good Returns For Our Shareholders

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson,

Non-Independent Non-Executive Director
Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.

Executive Vice Chairman

Dato' Dr. Tan Seng Chuan

Executive Director cum Group Chief Executive Officer

Lau Kean Cheong

Executive Directors

Dato' Wong Gian Kui
Ho Phon Guan
Mai Mang Lee

Non-Independent Non-Executive Directors

Dato' Sri Thong Kok Khee
Ahmad Ridzuan Bin Wan Idrus

Independent Non-Executive Directors

Datuk Phang Ah Tong
Dato' Mohamad Azmi Bin Ali
Datuk Mohamed Arsad Bin Sehan
Dato' Ong Eng Bin
Dr. Tunku Alina Binti Raja Muhd Alias

Alternate Director to Dato' Sri Thong Kok Khee
Thong Mei Chuen

AUDIT COMMITTEE

Chairman,

Independent Non-Executive Director
Dato' Mohamad Azmi Bin Ali

Independent Non-Executive Directors

Datuk Phang Ah Tong
Datuk Mohamed Arsad Bin Sehan

NOMINATION COMMITTEE

Chairman,

Independent Non-Executive Director
Datuk Mohamed Arsad Bin Sehan

Non-Independent Non-Executive Director

Dato' Sri Thong Kok Khee

Independent Non-Executive Director

Datuk Phang Ah Tong

REMUNERATION COMMITTEE

Chairman,

Independent Non-Executive Director
Datuk Phang Ah Tong

Independent Non-Executive Directors

Dato' Mohamad Azmi Bin Ali
Datuk Mohamed Arsad Bin Sehan

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

Chairman,

Independent Non-Executive Director
Datuk Phang Ah Tong

Independent Non-Executive Director

Dato' Ong Eng Bin

Executive Vice Chairman

Dato' Dr. Tan Seng Chuan

EXECUTIVE COMMITTEE

Chairman,

Executive Vice Chairman
Dato' Dr. Tan Seng Chuan

Executive Director cum Group Chief Executive Officer

Lau Kean Cheong

Executive Directors

Dato' Wong Gian Kui
Ho Phon Guan
Mai Mang Lee

Group Chief Financial Officer

Chong Poh Leng

COMPANY SECRETARIES

Chow Yuet Kuen

(MA/CSA 7010284)
 (SSM Practising Certificate No. 202008002730)

Lau Fong Siew

(MA/CSA 7045893)
 (SSM Practising Certificate No. 202008002625)

REGISTERED OFFICE

Suite 23.03, Level 23,
 The Gardens South Tower
 Mid Valley City
 Lingkaran Syed Putra
 59200 Kuala Lumpur, Malaysia
 Tel : 03 2284 1588
 Fax : 03 2282 4688
 Email : insassec@insas.com.my

SHARE REGISTRAR

Megapolitan Management Services Sdn Bhd

Suite 23.03, Level 23,
 The Gardens South Tower
 Mid Valley City
 Lingkaran Syed Putra
 59200 Kuala Lumpur, Malaysia
 Tel : 03 2284 1588
 Fax : 03 2282 4688
 Email : insassec@insas.com.my

CORPORATE OFFICE

D-07-03, Plaza Kelana Jaya
 Jalan SS 7/13A, Kelana Jaya
 47301 Petaling Jaya
 Selangor Darul Ehsan, Malaysia
 Tel : 03 7876 0169
 Fax : 03 7876 0167
 Email : i-enquiry@inari-amertron.com.my

BUSINESS ADDRESS

No. 51, Jalan Hilir Sungai Keluang Empat
 Phase 4 Bayan Lepas Free Industrial Zone
 11900 Bayan Lepas
 Pulau Pinang, Malaysia
 Tel : 04 645 6618
 Fax : 04 646 0618
 Email : i-enquiry@inari-amertron.com.my

AUDITORS

Grant Thornton Malaysia PLT
 (Member of Grant Thornton
 International Ltd)
 Chartered Accountants
 Level 11
 Sheraton Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur

PRINCIPAL BANKERS

AmBank Islamic Berhad
 China Construction Bank Corporation
 CTBC Bank (Philippines) Corporation
 Malayan Philippines Incorporated
 OCBC Al-Almin Bank Berhad
 Standard Chartered Saadiq Berhad
 Yuanta Commercial Bank Co. Ltd.

STOCK EXCHANGE LISTING

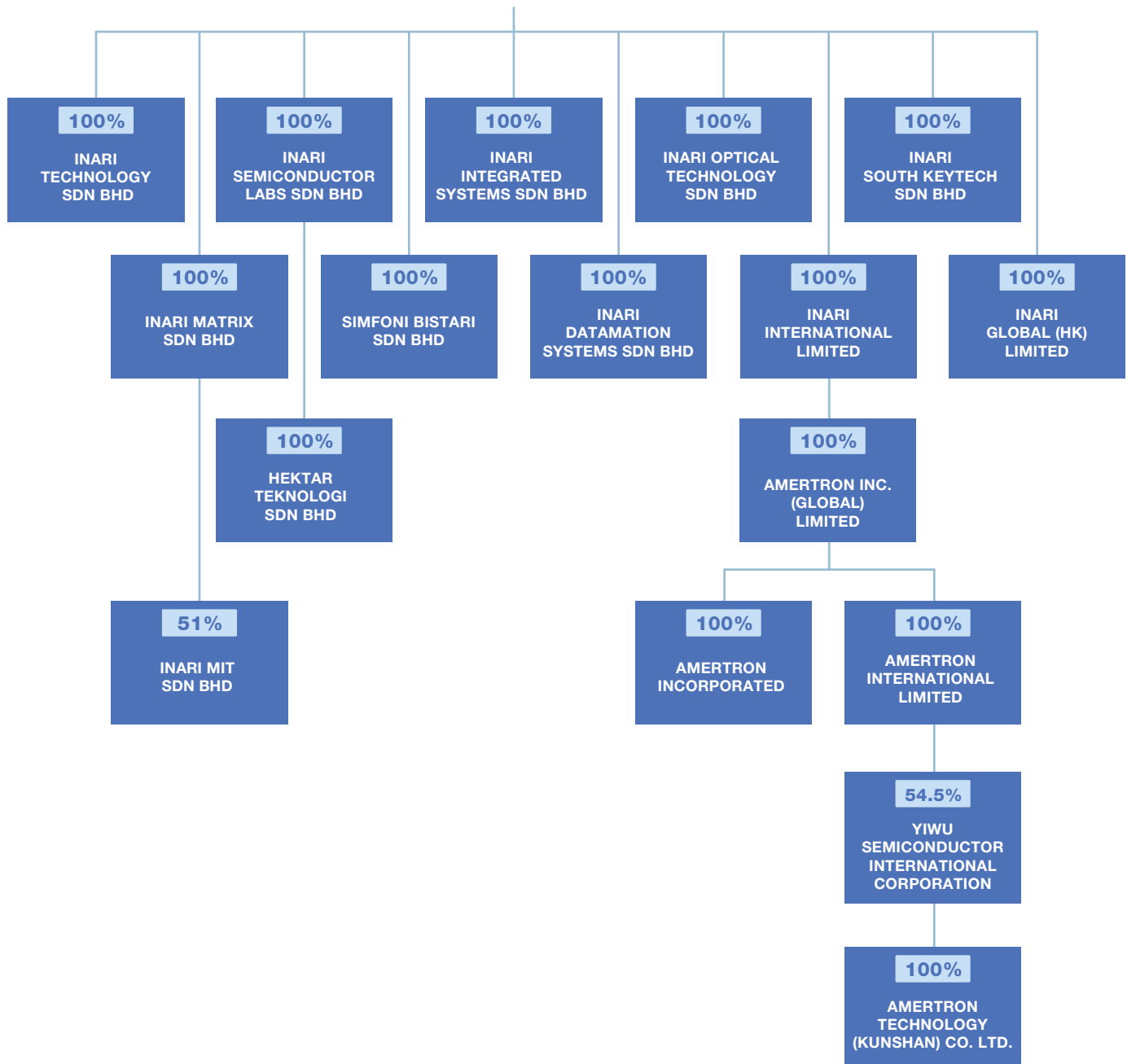
Main Market of
 Bursa Malaysia Securities Berhad
 Stock Name : INARI
 Stock Code : 0166
 Sector : Technology
 Sub-sector : Semiconductors

CORPORATE STRUCTURE

As at 25 October 2024



Inari Amertron Berhad



5 YEARS GROUP FINANCIAL HIGHLIGHTS

KEY HIGHLIGHTS

REVENUE

**RM1.48** BillionTOTAL
EQUITY**RM3.17** BillionPROFIT
AFTER TAX**RM300.1** MillionCASH AND
BANK
BALANCES**RM2.26** Billion

EBITDA

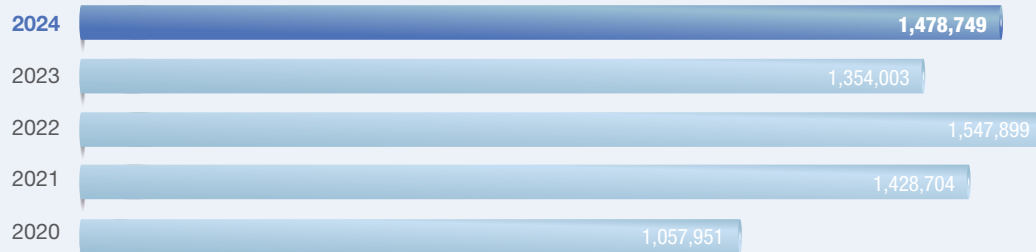
**RM435.1** MillionDIVIDEND
PAYOUT
RATIO**96.5** %

5 YEARS GROUP FINANCIAL HIGHLIGHTS

cont'd

	2020	2021	2022	2023	2024
Revenue (RM'000)	1,057,951	1,428,704	1,547,899	1,354,003	1,478,749
Profit After Taxation (RM'000)	156,440	330,715	391,193	325,025	300,062
EBITDA (RM'000)	273,499	455,466	548,053	464,275	435,108
Earnings Per Share (Basic) (sen)	4.85	10.01	10.65	8.68	8.01
Dividends Per Share (sen)	4.4	11.0	10.0	8.2	7.7
Dividend Payout Ratio (%)	91.1%	113.5%	94.7%	94.2%	96.5%
Dividend Payout (RM'000)	142,510	375,364	370,495	306,253	289,610
Total Equity (RM'000)	1,208,932	1,377,437	2,511,035	2,605,848	3,174,183
Net Assets Per Share (sen)	37.1	41.0	67.6	69.7	74.0
Cash And Bank Balances (RM'000)	594,594	904,886	1,971,021	1,830,994	2,260,719
Debt/Equity Ratio (times)	0.005	0.001	-	-	-

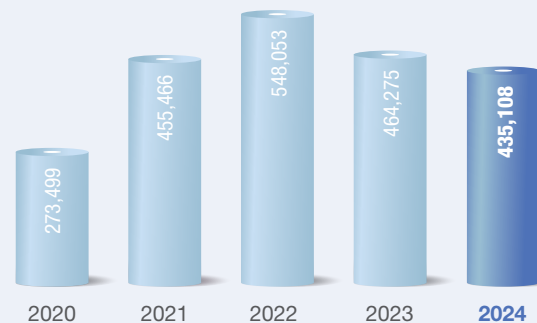
Revenue
(RM'000)



Profit After Taxation
(RM'000)



EBITDA
(RM'000)

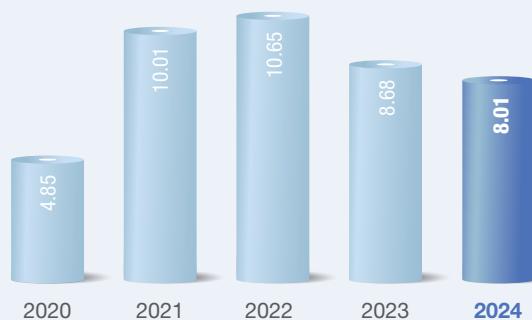


5 YEARS GROUP FINANCIAL HIGHLIGHTS

cont'd

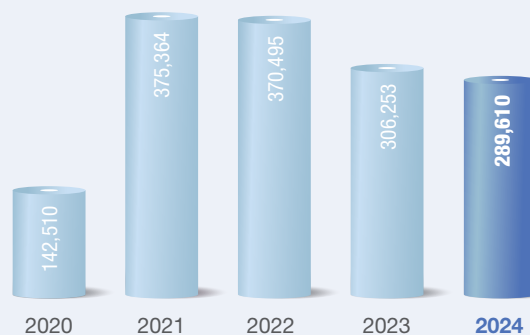
Earnings Per Share (Basic)

(sen)



Dividend Payout

(RM'000)



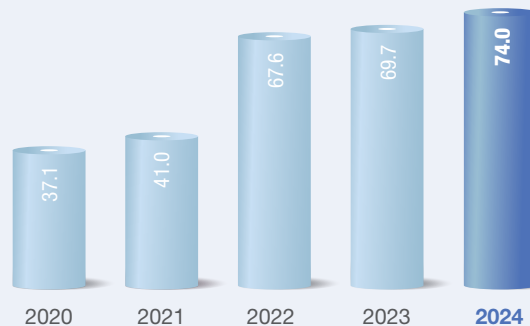
Total Equity

(RM'000)



Net Assets Per Share

(sen)



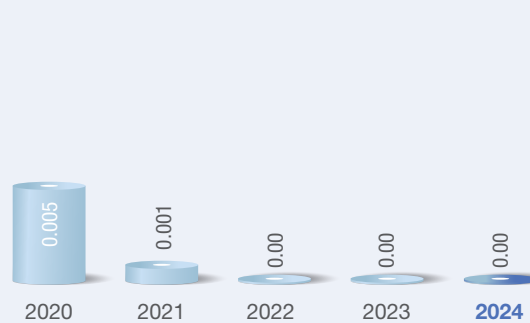
Cash And Bank Balances

(RM'000)



Debt/Equity Ratio

(times)



AWARDS AND RECOGNITIONS



1. **2024**
THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
2. **2024**
SUPPLIER APPRECIATION AWARD - AMS OSRAM
3. **2023**
MALAYSIA SMART MANUFACTURING AWARD 2023 – INDUSTRY 4.0 PILLARS CATEGORY (BEST IN SYSTEM INTEGRATION)
4. **2023**
TALENTCORP MYSIP APPRECIATION AWARD 2023 - TOP 5 HIGHEST NUMBER OF INTERNSHIPS OFFERED
5. **2023**
THE EDGE ESG AWARDS - SILVER (TECHNOLOGY SECTOR)
6. **2023**
INTI INTERNATIONAL UNIVERSITY & COLLEGES STAR PARTNER AWARD - GOLD
7. **2023**
SUPPLIER APPRECIATION AWARD - AMS OSRAM
8. **2023**
BINARY UNIVERSITY - AWARD OF LEADERSHIP EXCELLENCE IN SEMICONDUCTOR PACKAGING INDUSTRY
9. **2022**
BUREAU OF CUSTOMS PORT OF CLARK INTERNATIONAL AIRPORT - RECOGNITION OF INVALUABLE CONTRIBUTION TO THE TRADE FACILITATION OF THE PORT OF CLARK BEING THE TOP 5 EXPORTER FOR 2022
10. **2022**
EMPLOYEE'S PROVIDENT FUND, GEORGETOWN, PENANG - RECOGNITION OF BEST EMPLOYER 2022
11. **2022**
SUPPLIER APPRECIATION AWARD - AMS OSRAM
12. **2022**
THE IEM AWARD - RECOGNITION FOR CONTRIBUTION IN THE ENGINEERING INDUSTRY (MATERIALS & PRODUCTION)
13. **2019**
ALL-ASIA EXECUTIVE TEAM ASEAN MOST HONORED COMPANIES
14. **2019**
ALL-ASIA EXECUTIVE TEAM SPECIAL ACHIEVEMENT AWARDS BEST CEO (MALAYSIA) - LAU KEAN CHEONG
15. **2019**
ALL-ASIA EXECUTIVE TEAM SPECIAL ACHIEVEMENT AWARDS FOR CFO (MALAYSIA) - CHONG POH LENG

AWARDS AND RECOGNITIONS

cont'd

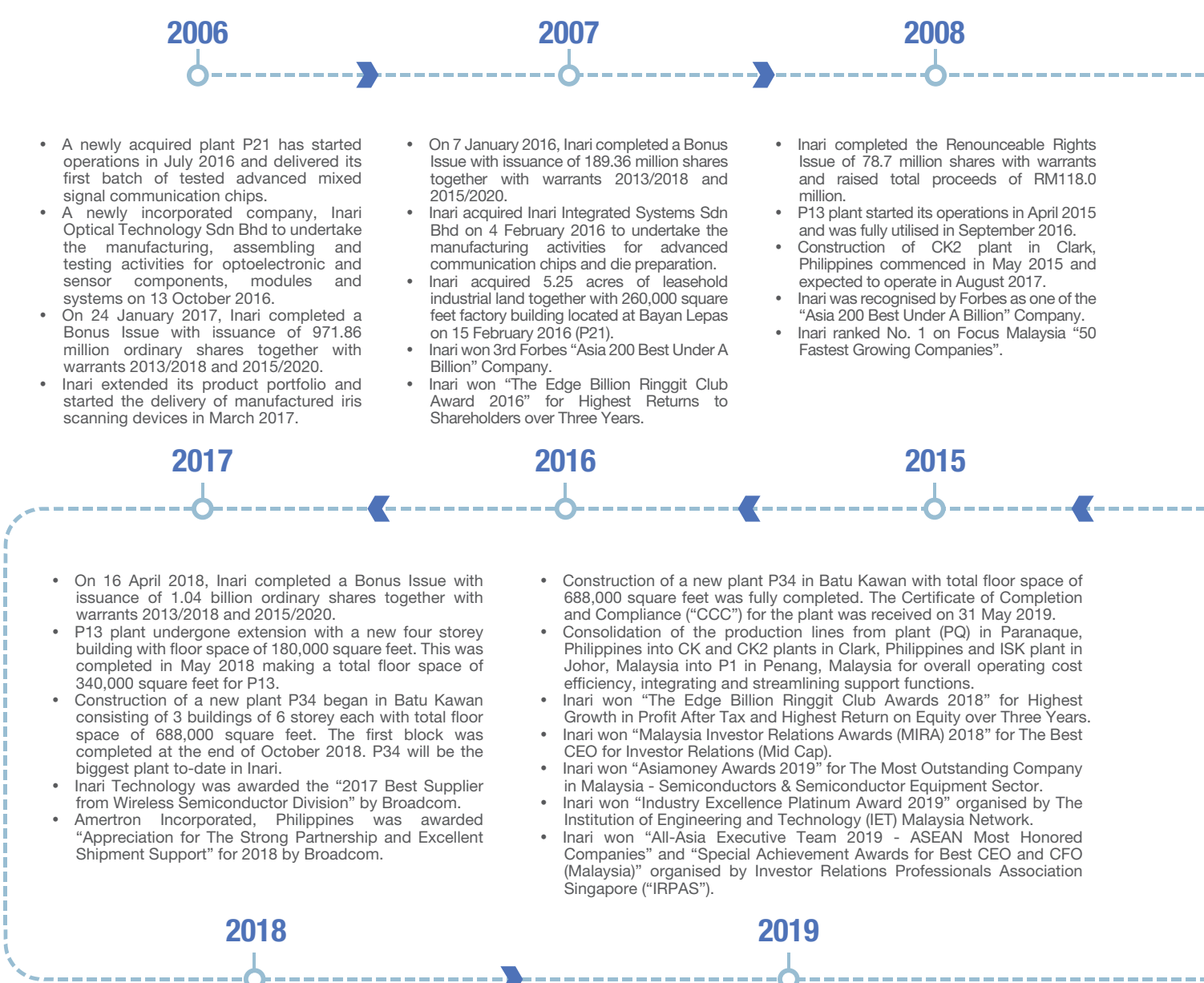


- 16. 2019**
THE INSTITUTION OF ENGINEERING AND TECHNOLOGY (IET) - INDUSTRY EXCELLENCE PLATINUM AWARD
- 17. 2019**
ASIAMONEY AWARDS 2019 – THE MOST OUTSTANDING COMPANY IN MALAYSIA, SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT SECTOR
- 18. 2018**
FT 1000 HIGH-GROWTH COMPANIES ASIA-PACIFIC FROM FINANCIAL TIMES
- 19. 2018**
APPRECIATION FOR THE STRONG PARTNERSHIP AND EXCELLENT SHIPMENT SUPPORT FROM BROADCOM
- 20. 2018**
MALAYSIA INVESTOR RELATIONS AWARDS (MIRA) - BEST CEO FOR INVESTOR RELATIONS (MID CAP)
- 21. 2018**
THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
- 22. 2018**
THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
- 23. 2017**
RECOGNITION FOR PARTNERSHIP EXCELLENCE FROM EPSON

- 24. 2017**
BEST SUPPLIER AWARD FROM BROADCOM WIRELESS SEMICONDUCTOR DIVISION
- 25. 2016**
THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
- 26. 2016**
ASIA BEST EMPLOYER BRAND AWARDS
- 27. 2016**
MALAYSIA BEST EMPLOYER BRAND AWARDS
- 28. 2014, 2015 & 2016**
FORBES ASIA 200 BEST UNDER A BILLION COMPANY
- 29. 2015**
BEST SUPPLIER AWARD FROM BROADCOM (AVAGO)
- 30. 2013**
OUTSTANDING PERFORMANCE MICROSEMI PMG PHOENIX SUPPLIER
- 31. 2013**
THE BRANDLAUREATE SMEs BESTBRANDS BLUE CHIP AWARD (ELECTRONICS MANUFACTURING)
- 32. 2010**
BEST SUPPLIER AWARD FOR BEST CONTRACT MANUFACTURER FROM AVAGO

KEY ACHIEVEMENTS AND MILESTONES

We had achieved numerous awards and milestones since our inception and we are pleased to highlight some of the major achievements as follows:

- 
- Incorporation of Inari Technology, acquisition of first plant (P1) and within the same year, was accredited with ISO 9001:2000.
 - Inari Technology obtained Pioneer Status for wireless technology from MITI.
 - Second factory rented and set up for fine-pitch SMT assembly service (P2).
 - Inari Technology attained ISO 14001:2004 certification.
 - Inari Technology commenced back-end wafer processing services.
 - Inari Technology set up R&D to enhance manufacturing technologies and processes as well as development of new products.
 - Third factory erected to conduct fine-pitch SMT assembly and wafer processing services (P3).
- 2006**
- A newly acquired plant P21 has started operations in July 2016 and delivered its first batch of tested advanced mixed signal communication chips.
 - A newly incorporated company, Inari Optical Technology Sdn Bhd to undertake the manufacturing, assembling and testing activities for optoelectronic and sensor components, modules and systems on 13 October 2016.
 - On 24 January 2017, Inari completed a Bonus Issue with issuance of 971.86 million ordinary shares together with warrants 2013/2018 and 2015/2020.
 - Inari extended its product portfolio and started the delivery of manufactured iris scanning devices in March 2017.
- 2017**
- On 7 January 2016, Inari completed a Bonus Issue with issuance of 189.36 million shares together with warrants 2013/2018 and 2015/2020.
 - Inari acquired Inari Integrated Systems Sdn Bhd on 4 February 2016 to undertake the manufacturing activities for advanced communication chips and die preparation.
 - Inari acquired 5.25 acres of leasehold industrial land together with 260,000 square feet factory building located at Bayan Lepas on 15 February 2016 (P21).
 - Inari won 3rd Forbes "Asia 200 Best Under A Billion" Company.
 - Inari won "The Edge Billion Ringgit Club Award 2016" for Highest Returns to Shareholders over Three Years.
- 2016**
- Inari completed the Renounceable Rights Issue of 78.7 million shares with warrants and raised total proceeds of RM118.0 million.
 - P13 plant started its operations in April 2015 and was fully utilised in September 2016.
 - Construction of CK2 plant in Clark, Philippines commenced in May 2015 and expected to operate in August 2017.
 - Inari was recognised by Forbes as one of the "Asia 200 Best Under A Billion" Company.
 - Inari ranked No. 1 on Focus Malaysia "50 Fastest Growing Companies".
- 2015**
- On 16 April 2018, Inari completed a Bonus Issue with issuance of 1.04 billion ordinary shares together with warrants 2013/2018 and 2015/2020.
 - P13 plant undergone extension with a new four storey building with floor space of 180,000 square feet. This was completed in May 2018 making a total floor space of 340,000 square feet for P13.
 - Construction of a new plant P34 began in Batu Kawan consisting of 3 buildings of 6 storey each with total floor space of 688,000 square feet. The first block was completed at the end of October 2018. P34 will be the biggest plant to-date in Inari.
 - Inari Technology was awarded the "2017 Best Supplier from Wireless Semiconductor Division" by Broadcom.
 - Amertron Incorporated, Philippines was awarded "Appreciation for The Strong Partnership and Excellent Shipment Support" for 2018 by Broadcom.
- 2018**
- Construction of a new plant P34 in Batu Kawan with total floor space of 688,000 square feet was fully completed. The Certificate of Completion and Compliance ("CCC") for the plant was received on 31 May 2019.
 - Consolidation of the production lines from plant (PQ) in Paranaque, Philippines into CK and CK2 plants in Clark, Philippines and ISK plant in Johor, Malaysia into P1 in Penang, Malaysia for overall operating cost efficiency, integrating and streamlining support functions.
 - Inari won "The Edge Billion Ringgit Club Awards 2018" for Highest Growth in Profit After Tax and Highest Return on Equity over Three Years.
 - Inari won "Malaysia Investor Relations Awards (MIRA) 2018" for The Best CEO for Investor Relations (Mid Cap).
 - Inari won "Asiamoney Awards 2019" for The Most Outstanding Company in Malaysia - Semiconductors & Semiconductor Equipment Sector.
 - Inari won "Industry Excellence Platinum Award 2019" organised by The Institution of Engineering and Technology (IET) Malaysia Network.
 - Inari won "All-Asia Executive Team 2019 - ASEAN Most Honored Companies" and "Special Achievement Awards for Best CEO and CFO (Malaysia)" organised by Investor Relations Professionals Association Singapore ("IRPAS").
- 2019**

KEY ACHIEVEMENTS AND MILESTONES

cont'd

- Inari Technology commenced DC and RF testing services.
- Inari Technology expanded PCBA and Box-Build operations for wireless broadband networking devices.

- Inari Technology attained ISO 13485 certification for medical sensor products.
- Inari Technology won "Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division Products 2009 Award".
- Rented new plant (P8).

- Inari was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

2009

2010

2011

- Inari transferred listing to the Main Market of Bursa Malaysia.
- Completed construction of new plant (P5).
- Inari acquired 5.05 acres of leasehold industrial land in Batu Kawan Industrial Park.
- Inari acquired 5.51 acres of land with 160,000 square feet factory buildings in Bayan Lepas Industrial Park (P13).
- Inari was recognised by Forbes as one of the "Asia 200 Best Under A Billion" Company.

- Inari Berhad completed the acquisition of Amertron Inc (Global) Limited and within the same year, changed name to Inari Amertron Berhad ("Inari").
- Inari Technology received matching grant from MIDA for machinery and equipment and training activities.
- Ceedtec received matching grant from MIDA for capital expenditure on machineries.

- Inari Technology obtained Pioneer Status for integrated front end module devices from MITI.
- Inari acquired 51% equity interest in Ceedtec and ventured into electronic test and measurement equipment.
- Incorporation of Inari South Keytech and started the development of fibres-optics transceivers.
- Inari Technology upgraded to fine-pitch flip-chip capabilities.
- Ceedtec received grant from Northern Corridor Implementation Authority ("NCIA") for the design and development of power supplies products.
- Ceedtec was granted a five (5) years Pioneer Status as part of MSC status.

2014

2013

2012

- On 11 September 2019, Inari entered into a Shareholders Subscription Agreement with PCL Technologies, Inc, a public listed company listed on Taiwan Stock Exchange to set up an entity in Malaysia for the business purpose to secure, manage and manufacture optical transceiver and other related products. Subsequently the entity was set up on 1 October 2019 namely, PCL Inari Technologies Sdn Bhd of which 30% equity interest held by Inari Matrix Sdn Bhd.
- On 22 June 2020, Inari met the globally recognised standard and qualified for inclusion into the FTSE4Good Bursa Malaysia ("F4GBM") Index, demonstrating strong Environmental, Social and Governance ("ESG") practices.
- On 18 August 2020, Inari entered into a Shareholders Subscription Agreement with MIT Semiconductor Pte Ltd to set up an entity in Malaysia to carry on the business of supplying customised semiconductor process tools. Subsequently the entity has been set up on 24 September 2020 namely, Inari MIT Sdn Bhd of which 51% equity interest held by Inari Matrix Sdn Bhd.

- In September 2020, Inari launched the first in-house face mask production line at P1 plant in Penang, Malaysia. Inari has produced 2 million masks to-date, which was distributed to employees, hospitals and other organisations.
- Construction of our new plant, P55 adjacent to our existing P13 plant in Bayan Lepas, Penang was completed with Certificate of Completion and Compliance ("CCC") obtained on 28 July 2021. The 5-storey plant with total floor space of 49,000 square feet will be dedicated for RF test expansion and a new customer to assemble System-on-Module (SOM) products.
- On 6 May 2021, Inari announced the implementation of a Private Placement. The Private Placement was completed in one (1) tranche with the listing and quotation of 333,000,000 Placement Shares at an issue price of RM3.10 per share on the Main Market of Bursa Malaysia on 30 July 2021.
- Inari contributed an unutilised section of our P34 plant in Batu Kawan, Penang as a Vaccination Centre (Pusat Pemberian Vaksin: "PPV") approved under the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") launched by the Malaysian Government. Upon the completion of the PIKAS on 2 September 2021, 20,628 individuals have completed their two (2) doses of vaccination at our P34 plant.

2020

2021

KEY ACHIEVEMENTS AND MILESTONES

cont'd

2024

- Inari received the silver award from The Edge ESG Awards, under the technology sector in collaboration with FTSE Russell in November 2023.
- For the MYSIP Appreciation Award in November 2023, Inari Amertron Berhad has been awarded the highest number of internships offered with 510 interns.
- Ams Osram awarded the Supplier Appreciation Award for Partnership, Loyalty & Outstanding Services to Amertron Technology (Kunshan) Co. Ltd, our China operation entity on April 2024.
- Amertron Incorporated (Philippines) held their groundbreaking ceremony for CK2.1 plant in June 2024.
- Inari Technology Sdn Bhd has had a Memorandum of Understanding exchange with MIMOS and Universiti Sains Malaysia on the co-development of advanced 2.5D packaging on June 2024.
- Inari won "The Edge Billion Ringgit Club Awards 2024" for Highest Growth in Profit After Tax over Three Years.
- Inari won Malaysia SMART Manufacturing Award 2023 – Industry 4.0 Pillars Category (Best in System Integration).

2023

- Amertron Incorporated (Philippines) has received a plaque of recognition for being the Top 5 Exporter for Year 2022 by the Bureau of Customs of Port of Clark International Airport on 19 December 2022.
- In conjunction with Binary University's 39th Convocation Ceremony on 14 January 2023, Inari Amertron Berhad has been awarded the Certificate of Leadership Excellence under the Semiconductor Packaging Industry.
- Inari acquired 5.05 acres of leasehold industrial land at Batu Kawan with close proximity to the existing P34 factory building.
- Ams Osram has awarded the Supplier Appreciation Award for Partnership, Loyalty & Outstanding Services to Amertron Technology (Kunshan) Co. Ltd, our China operation entity on June 2023.

2022

- Inari's Private Placement exercise which was completed on 30 July 2021 was chosen as the Best Share Placement for 2021 by the Edge Malaysia in January 2022. The placement was reported to be timed perfectly, received overwhelming demand and was well oversubscribed, with the final book consisting of a high-quality mix of long-only and ultra-high-net-worth investors.
- A newly constructed P55 plant in Bayan Lepas, Penang has started operations in August 2021 and delivered its first batch of RF Test and System-on-Module ("SOM") products.
- Amertron Technology (Kunshan) Co. Ltd, our China operation entity received Supplier Appreciation Award for Partnership, Loyalty & Outstanding Services by ams OSRAM.
- On 28 June 2022, Inari entered into a Joint Venture Contract for expansion of its existing operations in the China market.
- Inari Amertron Berhad received The IEM Award from The Institution of Engineers Malaysia as a recognition for contribution in the Engineering Industry (Materials and Production) in Malaysia.

INARI AMERTRON BERHAD IN THE NEWS

ACTUALIZING THROUGH TECHNOLOGY AND SUSTAINABLE INNOVATION

**Inari's Key Belief**

- Integrity
- No Excuses
- Aligned Partnership
- Results-oriented
- Initiative.



Engineered OSAT for cutting-edge Semiconductor Technology Solutions.



Flowing from the Inari Waterfall Effect, as the largest listed Technology Company, building a resilient ecosystem and supply chains towards sustainable success.



Cultivating an eco-conscious culture through the adoption of green technology and the reduction of emissions and waste for responsible consumption.



Leading the way in Sustainable Industry 4.0 through iMES (Inari Manufacturing Execution System).

Inari
Amertron
Berhad



INARI AMERTRON BERHAD IN THE NEWS

cont'd

23.11.2023



Inari said the net profit growth was mainly due to higher revenue expansion in the current quarter.

Inari to improve production capacity and utilisation

CORPORATE NEWS by THE STAR
Thursday, 23 Nov 2023

PETALING JAYA: Inari Amertron Bhd says it will continue to focus on strategies to improve production capacity and utilisation as well as strengthen operational efficiencies for revenue growth to stay on par with or outperform industry projections in 2024.

Quoting research services provider Gartner Inc, it said global semiconductor revenue is projected to decline 10.9% in 2023, but is expected to rebound and record growth of 16.8% in 2024 to reach US\$624.4bil, as demand recovers.

Releasing its results for the first quarter ended Sept 30 of the current financial year (1Q24), the semiconductor player saw net profit decline by 19.8% year-on-year (y-o-y) to RM85mil, although revenue inched up 2% to RM383.9mil.

It said the turnover growth was mainly due to higher revenue expansion in its radio frequency business segment.

Meanwhile, the lower net profit was attributed to more favourable movement in foreign exchange rates in the previous corresponding quarter, an increase in electricity rates as well as losses arising from glitches in electricity supply experienced during the three months in review.

Compared with the preceding quarter ended June 30, net earnings was up 28.1% from RM66.3mil, on the back of a similar jump in turnover from RM298.8mil.

Inari said the net profit growth was mainly due to higher revenue expansion in the current quarter, which was offset by favourable movement in foreign exchange rates in the immediate preceding quarter.

The group has proposed the first single-tier interim dividend of 2.2 sen per ordinary share in respect of the financial year ending June 30, 2024.

11.5.2024



Inari switches gear to remain relevant

CORPORATE NEWS by THE STAR
By DOREENN LEONG
Saturday, 11 May 2024

IT has been a case of mixed fortunes for semiconductor companies in Malaysia.

Those with supply chain exposure to China manufacturers of handsets and electric vehicles as well as niche industries, such as the medical sector, are relatively sheltered from the subdued demand experienced by traditional players.

But tech companies with high exposure to the automobile and consumer electronics segments, particularly the smartphone segment, have seen sluggish demand with near-term order book visibility remaining patchy.

For example, Inari Amertron Bhd may have experienced slightly higher revenue year-on-year (y-o-y) of RM414.08mil in the second quarter ended Dec 31, 2023 (2Q23), but net profit fell to RM86.81mil mainly due to set-up costs for new products as well as increase in electricity rates.

The outsourced semiconductor assembly and test player said the increase in revenue was mainly due to comparatively higher loading volume in the radio frequency (RF) and optoelectronics business segments in the second quarter.

The group has the largest RF test operations in South-East Asia.

Inari group chief executive officer Lau Kean Cheong tells StarBizweek that to counter the demand pullback for certain segments of its business, it is necessary to be able to develop and grow new businesses within the company despite incurring higher costs to set it up.

"Semiconductor business is still a good area to focus on.

"But more importantly, we need to be aligned to the requirements of the industry.

"A lot of times, legacy products are in the sunset phase. For us, we are putting in a lot of high-end equipment, so we remain relevant.

"Semiconductor is very wide. Another part we need to look at is the segment. Which segment is going up and going down.

"If we can switch over our technology and apply it to another segment, then we are still relevant," he explains.

Recent data from International Data Corp showed that the global shipments of the US brand smartphone fell by 9.6% y-o-y in the March 2024 quarter.

This is due to China's Huawei 5G handsets slowly taking away the market share of the US brand smartphone.

According to CGS International (CGSI) Research, this could impact Inari's RF testing utilisation rate through lower volume loading, partially negating higher service charge per unit due to higher RF content.

CGSI Research believes Inari's other segments should perform relatively better in the coming quarters, which could partially cushion the near-term RF softness.

The research house says key network component supplier Coherent, the 800G components, including switches and transceivers should see a strong ramp-up from 2024 onwards as hyperscalers increase their investments in high performance servers, aligning with growth in artificial intelligence demand.

"We understand that Inari's backend processes for 400G optical transceivers are moving to high-volume manufacturing (HVM), while the 800G transceivers recently qualified for low-volume manufacturing for a major global server player," it adds.

This aligns with Inari's expansion plan of its new CK3 plant in the Philippines, which will add 230,000 sq ft of floor space by the end of the year.

CGSI Research expects its automotive segment to see some stabilisation in the coming months as the group is undergoing various stages of qualification for its auto-related sensors and optocouplers.

It points out that Inari's memory business is also ramping up, with the four-stack die moving into HVM with additional production lines by 4Q24, opening opportunities for new project wins for eight and 12-stack memory die.

"Overall, we have pencilled in non-RF segment revenue to grow marginally by 3% in financial year 2024 (FY24), with strong ramp-up only by FY25, together with the ramp-up of its 54%-owned Yiwu Semiconductor in China, as it obtains more qualification for packaging projects.

"The foray into these new growth areas could be margin dilutive in the near term as they go through gestation periods, in our view," the research house adds.

Meanwhile, TA Research has maintained its "overweight" stance on the technology sector, and said the sentiment of the semiconductor sector in Malaysia will improve gradually, underpinned by an anticipated recovery in global demand and increasing trade diversion opportunities as a result of the China Plus One strategy.

The research house maintains a "buy" call on Inari with a target price of RM3.55.

While the second half of the year (2H24) appears to be improving for the semiconductor industry, the key challenge companies in this sector are facing is talent crunch, whereby highly skilled workers are hard to come by.

Talent shortage

Recognising the talent shortage issue, Datuk Pua Khein Seng, the inventor of the USB flash drive who co-founded Taiwan-based Phison Electronics Corp, recently announced his decision to train local undergraduate and graduate students to work for his Malaysian start-up company, MailStorage.

He is willing to offer each undergraduate designer more than RM6,000 per month and RM8,000 for graduate-level designers and turn them into storage experts in just 18 months given Phison's vast knowledge in integrated circuit and storage technology.

For Inari, Lau says the company is relying on its own inhouse technical team to customise its equipment or re-innovate the technology.

"We need to have talent, besides a good ecosystem. We have quite a huge range (of technology); radio frequency model, fibre optics sensor for the automotive industry, and so on.

"Whether it is an up-or-down cycle, we can always switch our technology. This is quite important. We have our own inhouse technical team to customise our equipment," Lau adds.

He anticipates a brighter outlook for the semiconductor industry as it recovers by 2H24.

The World Semiconductor Trade Statistics predicts that the world semiconductor market will rebound by 13.1% in 2024 to reach US\$596bil, and is projected to become a US\$1 trillion market by 2030.

INARI AMERTRON BERHAD IN THE NEWS

cont'd

23.5.2024



Inari Amertron net profit rises 29% in 3Q, investing in new product line

By Jason Ng / theedgemalaysia.com

CORPORATE NEWS by THE EDGE MALAYSIA
23 May 2024, 07:10 pm

In the near term, Inari expects "continued positive results" for FY2024 from improvements in production capacity and utilisation, operational efficiencies and a strong US dollar.

KUALA LUMPUR (May 23): Inari Amertron Bhd (KL:INARI), Malaysia's biggest outsourced semiconductor assembly and test firm, said on Thursday its net profit rose 29% in the third quarter from a year earlier thanks to higher loading volume and currency gains.

Net profit for the three months ended March 31, 2024 (3QFY2024) was RM73.72 million compared with RM57.36 million over the same period a year earlier, Inari said in an exchange filing. Revenue for the quarter surged 26% year-on-year to RM347.63 million from RM275.6 million.

Inari said its current business is "well positioned to benefit" from the anticipated introduction of artificial intelligence (AI) capable smartphones and the growth of high bandwidth optoelectronic devices in networks and data centers serving the AI market.

The company is also evaluating "opportunities for partnerships with semiconductor companies moving into Malaysia as a result of geopolitics and the US-China trade war," the company noted.

Shares of Inari have gained about 8% so far this year, tracking a broad rebound in the technology sector from last year's sharp decline. Semiconductor and related stocks, in particular, have rallied following the US' plan to double the tariffs on semiconductors imported from China.

In the near term, Inari expects "continued positive results" for FY2024 from improvements in production capacity and utilisation, operational efficiencies and a strong US dollar.

For its first nine months, Inari's net profit slipped 4.6% to RM245.51 million versus RM257.22 million over the same period last year. The company blamed an increase in electricity rates as well as losses in work-in-progress items from unstable glitches in electricity supply from the grid.

The glitch has since been rectified, the company noted. Further, Inari flagged "short-term lower gross margins for new products in our push for revenue growth for the future".

Inari added that it is currently investing in new technology and facilities, and setting up new product lines.

Shares of Inari slipped 0.6% to RM3.23, valuing the company at RM12.15 billion, ahead of the results announcement.

27.5.2024



Inari growth to be driven by RF filter ops

CORPORATE NEWS by THE STAR
Monday, 27 May 2024

PETALING JAYA: AmlInvestment Bank Research foresees a recovery in Inari Amertron Bhd 's growth over the longer term, driven by increasing content requirements for radio frequency (RF) filters.

This is especially given that higher complexity technology is needed for new generations of 5G-and-beyond devices and optical transceivers used in servers, boosted by the boom in artificial intelligence sector.

"The stock currently trades at an attractive financial year 2025 (FY25) price-earnings (PE) multiple of 27 times versus its three-year peak of over 30 times.

"We maintain a 'buy' call on Inari with an unchanged fair value of RM3.86, based on FY25 PE of 31 times – at parity to its five-year median on the back of improving sector sentiments," it said in a report.

Meanwhile, Affin Hwang Investment Bank Research believes Inari would likely encounter earnings volatility over the near term because of weak end-demand for its customer's smartphones in select markets.

However, it reckoned sector sentiment remains strong and may lend support to the stock price. It has maintained a "buy" call with a lower target price of RM3.89, based on 35 times 2025 earnings per share.

"Key re-rating catalysts for the stock lies on contribution from its new China factory via its 54%-owned joint venture that is undergoing qualification.

"Any earnings surprise from its memory customer as well its power module products would be a positive catalyst also aiding a valuation re-rating as single-customer risk is reduced," it said.

PROFILE OF THE BOARD OF DIRECTORS

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU DATO' SRI SETIA HAJJAH AISHAH BINTI ALMARHUM SULTAN HAJI AHMAD SHAH AL-MUSTA'IN BILLAH, DK., SAAS., SSAP., SIMP.

Age/Gender : 67/Female
Nationality : Malaysian

➤ *Chairperson/
Non-Independent Non-
Executive Director*

Y.A.M. Tengku Aishah was appointed to the Board of Inari Amertron Berhad ("Inari") on 21 September 2010.

She graduated with a Diploma in Business Administration from Dorset Institute, UK in 1980 and has been a Director of TAS Industries Sdn Bhd since 15 August 1990. TAS Industries Sdn Bhd is an investment holding and property development company in Kuala Lumpur.

Other directorship in listed issuers and non-listed public companies:

- Insas Berhad
- Divfex Berhad
- M & A Equity Holdings Berhad

DATO' DR. TAN SENG CHUAN

Age/Gender : 69/Male
Nationality : Malaysian

➤ *Executive Vice Chairman*
➤ *Member of Sustainability
and Risk Management
Committee*
➤ *Chairman of Executive
Committee*

Dato' Dr. Tan was appointed to the Board of Inari as Managing Director on 21 September 2010. He was re-designated as the Executive Vice Chairman on 11 October 2012 to oversee the Group's new business development and risk management.

He graduated with First Class Honours in Mechanical Engineering from Imperial College, England in 1978. Dato' Dr. Tan also obtained a Masters and PhD in Engineering Science in 1981 and 1983 respectively from Harvard University, USA. Dato' Dr. Tan has 39 years' experience working with IT and related high technology industries. He joined Insas Berhad in 1997 where he currently heads the Technology Division.

Other directorship in listed issuers and non-listed public companies:

- Insas Berhad
- Divfex Berhad
- Insas Technology Berhad
- Diversified Gateway Berhad

LAU KEAN CHEONG

Age/Gender : 57/Male
Nationality : Malaysian

➤ *Executive Director cum
Group Chief Executive
Officer*
➤ *Member of Executive
Committee*

Mr. Lau was appointed as the Chief Executive Officer of Inari on 15 July 2011 and subsequently became the Executive Director cum Group Chief Executive Officer on 11 October 2012.

He graduated from University of Warwick, United Kingdom with a Master in Science (MSc) in Information Technology for Manufacture and a Diploma in Electronics Engineering from Tunku Abdul Rahman College, Kuala Lumpur.

Mr. Lau started his career in 1991 at Intel Penang, followed by KESP Sdn Bhd Penang in engineering positions. He joined the Globetronics Technology Berhad Group in 1996 as a Senior Engineer and progressed within the Globetronics Group to become Senior Vice President of ISO Technology Sdn Bhd, a wholly-owned subsidiary, before joining Inari.

He has more than 30 years of working experience in the outsourced semiconductor assembly & test ("OSAT") industry and has broad experience in leading OSAT operations including primary responsibilities in top and bottom line performance and managing key customer relationships.

Other directorship in listed issuers and non-listed public companies:

Nil

PROFILE OF THE BOARD OF DIRECTORS

cont'd

DATO' WONG GIAN KUI

Age/Gender : 65/Male
Nationality : Malaysian

- Executive Director
- Member of Executive Committee

Dato' Wong was appointed to the Board of Inari as a Non-Independent Non-Executive Director on 21 September 2010 and was re-designated as Executive Director on 11 December 2013.

Dato' Wong is an accountant by profession and has been a member of the Malaysian Institute of Certified Public Accountants since 1985 and a member of the Malaysian Institute of Accountants since 1988. Dato' Wong had worked for Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991.

Other directorship in listed issuers and non-listed public companies:

- Insas Berhad
- Divfex Berhad
- Ho Hup Construction Company Berhad
- Insas Technology Berhad
- Diversified Gateway Berhad

HO PHON GUAN

Age/Gender : 69/Male
Nationality : Malaysian

- Executive Director
- Member of Executive Committee

Mr. Ho was appointed to the Board of Inari on 21 September 2010 and is in charge of the Group's technologies and customer relations.

He graduated with a Bachelor of Science (Hons) in Electrical and Electronics Engineering Degree from Thames Polytechnic, London in 1978, a Master of Science in Industrial Management from the University of Birmingham, UK in 1979 and a Master of Business Administration from the University of Santa Clara, California, US in 1985.

Mr. Ho has more than 40 years of industrial experiences in the semiconductor manufacturing and assembly, hard disk drive manufacturing and PCBA contract manufacturing, where he had held various key engineering and managerial positions in a number of MNCs.

Other directorship in listed issuers and non-listed public companies:

Nil

MAI MANG LEE

Age/Gender : 65/Male
Nationality : Malaysian

- Executive Director
- Member of Executive Committee

Mr. Mai was appointed to the Board of Inari on 21 September 2010 and is in charge of the Group's facilities, equipment and government matters.

He graduated from Institut Teknologi Butterworth, Pulau Pinang with an Engineering Diploma in Mechanical Engineering in 1980 and holds an MS Eng, UK (Society of Engineers) from the Society of Engineers issued in 1979. After graduation, he worked at Intel Technologies' testing plant for 5 years. Prior to joining Inari, he spent about 20 years in electronics manufacturing related companies such as Motorola and Sony.

Other directorship in listed issuers and non-listed public companies:

Nil

PROFILE OF THE BOARD OF DIRECTORS

cont'd

DATO' SRI THONG KOK KHEE

Age/Gender : 70/Male
Nationality : Malaysian

- Non-Independent Non-Executive Director
- Member of Nomination Committee

Dato' Sri Thong was appointed to the Board of Inari on 21 September 2010.

A graduate from the London School of Economics, UK, Dato' Sri Thong had worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore between October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division.

Dato' Sri Thong is a substantial shareholder of Inari by virtue of his interest in Insas Berhad. His daughter, Ms. Thong Mei Chuen, is his Alternate Director in Inari.

Other directorship in listed issuers and non-listed public companies:

- Omesti Berhad
- Insas Technology Berhad

DATUK PHANG AH TONG

Age/Gender : 67/Male
Nationality : Malaysian

- Independent Non-Executive Director
- Chairman of Sustainability and Risk Management Committee
- Chairman of Remuneration Committee
- Member of Audit Committee and Nomination Committee

Datuk Phang was appointed to the Board of Inari on 8 February 2018.

He holds a Bachelor of Economics (Honours) from the University of Malaya and has attended several notable Senior Management Programmes, namely the Harvard Business School and "Institut Européen d'Administration des Affaires" (INSEAD).

Datuk Phang has had a distinguished career in the civil service of Malaysia spanning 36 years in promoting foreign and domestic investments and assisted in developing the manufacturing and services sectors in Malaysia under the Malaysian Investment Development Authority ("MIDA") where his last held position was the Deputy Chief Executive Officer before his retirement in 2017. Starting out in 1981 as an Economist in MIDA, Datuk Phang served in various capacities including being the Assistant Trade Commissioner for MIDA London and Director of MIDA New York. Upon returning to the MIDA headquarters, Datuk Phang was appointed the Director of Foreign Direct Investment ("FDI"), overseeing the promotion of global FDI into Malaysia. He was also involved in organising and participating in many Trade and Investment Missions overseas led by either the Prime Minister or Ministers of International Trade and Industry. His distinguished contribution in these capacities led to his appointment as the Deputy Chief Executive Officer of MIDA in 2013.

Other directorship in listed issuers and non-listed public companies:

- JF Technology Berhad
- Cosmos Technology International Berhad
- Apex Healthcare Berhad
- Media Prima Berhad

PROFILE OF THE BOARD OF DIRECTORS

cont'd

AHMAD RIDZUAN BIN WAN IDRUS

Age/Gender : 53/Male
Nationality : Malaysian

➤ Non-Independent Non-Executive Director

En. Ahmad Ridzuan was appointed to the Board of Inari on 8 January 2021. His appointment as Non-Independent Non-Executive Director of Inari was nominated by the Employees Provident Fund ("EPF"), a substantial shareholder of Inari.

He holds a Bachelor of Commerce (Accounting) from the University of Otago, Dunedin, New Zealand.

En. Ahmad Ridzuan is currently the Head of Investment Services Department at EPF covering investment fund accounting, settlement, compliance monitoring functions and investment digital solutions. He has also been tasked to lead the EPF Data Governance Office and RPA Centre of Excellence.

He joined EPF in January 2019 as the Head of Investment Operations Department to spearhead the digital transformation for EPF Investment Division. Among other roles that he has taken during his tenure in EPF include leading the development of Simpanan Shariah (SS) as one of the pension scheme options for EPF members and leading the EPF Sustainable Investment Centre (SIC) in the development of EPF Sustainable Investment Framework and Policy.

Prior to joining EPF, En. Ahmad Ridzuan spent about 19 years in management consulting firms focusing on Strategy, Process Improvement, ERP systems implementation, Finance, Procurement and Digital Transformation for multi industries clients including asset management, automotive, financial, high technology and plantation industries. He is also familiar with marine and port management industries.

Other directorship in listed issuers and non-listed public companies:
Nil

DATO' MOHAMAD AZMI BIN ALI

Age/Gender : 67/Male
Nationality : Malaysian

➤ Independent Non-Executive Director
➤ Chairman of Audit Committee
➤ Member of Remuneration Committee

Dato' Mohamad Azmi was appointed to the Board of Inari on 13 January 2023.

Dato' Mohamad Azmi is a member of CPA (Australia) and the Malaysian Institute of Accountants. He holds a Bachelor of Accounting degree from University Kebangsaan Malaysia. Dato' Mohamad Azmi's experience in the public sector spanned over 36 years, from 1981 until his retirement in 2017. Earlier in his career, he was appointed as the Kelantan State's Treasurer from 1983 to 1991. He served in the Economic Planning Unit, Prime Minister's Department in the Privatization Task Force and Foreign Investment Committee from 1992 to 2001. Following that, he was the Head of Accountant's General Office in Kuching from 2002 to 2008; and was the Head Accountant of the Ministry of Education from 2008 to 2011. Subsequently, he headed various divisions in the Accountant's General Office before being appointed as the Deputy Accountant General of Malaysia in 2015. On 1 December 2020, he was appointed by the Ministry of Finance ("MOF") as the Registrar of the Malaysian Institute of Accountants. He is also an Audit Committee member at Malaysia Productivity Corporation and Technology Depository Agency Berhad (a MOF Company).

Other directorship in listed issuers and non-listed public companies:

- Insas Berhad
- M & A Equity Holdings Berhad

PROFILE OF THE BOARD OF DIRECTORS

cont'd

DATUK MOHAMED ARSAD BIN SEHAN

Age/Gender : 71/Male
Nationality : Malaysian

- Independent Non-Executive Director
- Chairman of Nomination Committee
- Member of Audit Committee and Remuneration Committee

Datuk Mohamed Arsad was appointed to the Board of Inari on 21 February 2023.

He holds a Bachelor of Economics (Statistics) from the University of Malaya.

Datuk Mohamed Arsad has had an extensive career spanning 31 years, from 1978 to 2009, in the banking industry with Bank Bumiputra Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). Throughout his tenure at Bank Rakyat, he held various senior management positions, including that of General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing, and Division Head of Planning and Development and Corporate Services. He spent 7 years as the Managing Director and Chief Executive Officer of a private limited company dealing in the manufacture and supply of standby power systems on secondment from Bank Rakyat.

After retiring from Bank Rakyat, he spent 8 years as the Managing Director and Executive Director of PureCircle Sdn Bhd, a wholly-owned subsidiary of PureCircle Limited. Datuk Mohamed Arsad was a Director of Bertam Alliance Berhad from 2014 to 2021 and M & A Equity Holdings Berhad from 2011 to 2023.

Other directorship in listed issuers and non-listed public companies:

- Insas Berhad
- KIP REIT Management Sdn Bhd (the Manager for the listed KIP Real Estate Investment Trust)
- Yayasan CanOne KianJoo

DATO' ONG ENG BIN

Age/Gender : 61/Male
Nationality : Malaysian

- Independent Non-Executive Director
- Member of Sustainability and Risk Management Committee

Dato' Ong was appointed to the Board of Inari on 31 January 2024.

Dato' Ong graduated from the University of Manchester, UK with a Bachelor of Arts (Honours) in Accounting & Finance and began his career at Pricewaterhouse Malaysia (now known as PricewaterhouseCoopers Malaysia) in 1986. Dato' Ong has an impressive career of 35 years at OCBC Bank (Malaysia) Berhad ("OCBC") where he rose through the ranks from a Corporate Banking Officer in 1988 to several leadership roles in different divisions of the bank including Chief Executive Officer ("CEO") of OCBC for 8 years from August 2014 until his retirement in December 2022.

During his tenure as CEO of OCBC, he was also the Chairman of Pac Lease Berhad and e2 Power Sdn Bhd as well as a Council Member of the Association of Banks in Malaysia. He was an Adviser to the Chairman of OCBC until 30 June 2023.

In addition to his directorship in other listed companies, Dato' Ong is also a Non-Executive Director of Asian Banking School Sdn Bhd and STF Resources Sdn Bhd as well as Chairman of the Investment Committee of Mapletree Emerging Growth Asia Logistics Fund and a council member of the Asian Institute of Chartered Bankers.

Other directorship in listed issuers and non-listed public companies:

- Paramount Corporation Berhad
- Oriental Holdings Berhad

PROFILE OF THE BOARD OF DIRECTORS

cont'd

DR. TUNKU ALINA BINTI RAJA MUHD ALIAS

Age/Gender : 61/Female
Nationality : Malaysian

➤ Independent Non-Executive Director

Dr. Tunku Alina was appointed to the Board of Inari on 27 August 2024.

Dr. Tunku Alina graduated with a Bachelor of Laws from University of Malaya, holds a Master in Law (LLM) (Corporate and Commercial Law) from King's College, London and is a PhD in Islamic Finance from International Centre for Education in Islamic Finance, Malaysia. She is an Advocate and Solicitor of the High Court of Malaya, and an Associate Mediator of Singapore Mediation Centre and the Malaysian International Mediation Centre.

In 1987, she began her career as a legal assistant with Skrine & Co whereafter she co-founded Wong Lu Peen & Tunku Alina, a legal firm, in 1992. She served as the managing partner of the firm until December 2011. Subsequently, she became a consultant of the firm and remains as such to date.

Dr. Tunku Alina is a practitioner of corporate governance and is involved in sustainability related work on the boards she serves. Her previous experience in leading business and community development, client negotiation, legal consultation, dispute resolution and goal setting has been useful in her current role as independent director. She also volunteers as advisor to the United Nations Global Compact Malaysia-Brunei, as mentor to Endeavor Malaysia start-ups, and is an active member of the Institute of Corporate Directors Malaysia and of Leadwomen.

Other directorship in listed issuers and non-listed public companies:

- Batu Kawan Berhad
- Nestle Malaysia Berhad
- United Overseas Bank (Malaysia) Berhad

THONG MEI CHUEN

Age/Gender : 42/Female
Nationality : Malaysian

➤ Alternate Director to Dato' Sri Thong Kok Khee

Ms. Thong was appointed to the Board of Inari on 2 July 2013 as the Alternate Director to Dato' Sri Thong Kok Khee, a Non-Independent Non-Executive Director of Inari.

Ms. Thong graduated from Dartmouth College with a Bachelor of Arts. She has had 5 years of equity capital markets experience having worked at Credit Suisse in New York from 2004 to 2006, and Deutsche Bank from 2006 to 2009 at their New York, Hong Kong and Singapore offices. She subsequently joined the corporate finance team in Genting Hong Kong from 2009 to mid-2012. On 1 July 2012, she was appointed as the Head of Global Treasury and Corporate Planning of Insas Berhad. In February 2014, she has also undertaken the role of Chief Operating Officer in Microlink Solutions Berhad's Singapore division.

Her father, Dato' Sri Thong Kok Khee, is a Non-Independent Non-Executive Director and substantial shareholder of Inari.

Other directorship in listed issuers and non-listed public companies:

- M & A Equity Holdings Berhad

Save as disclosed above, none of the Directors has:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest or potential conflict of interest, including interest in competing business with the Company and its subsidiaries;
- any conviction for offences (excluding traffic offences, if any) within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

PROFILE OF THE KEY SENIOR MANAGEMENT

CHONG POH LENG

Age/Gender : 54/Female
Nationality : Malaysian

- Group Chief Financial Officer
- Member of Executive Committee

Ms. Chong who is a Chartered Accountant with the Malaysian Institute of Accountants (“MIA”) has been appointed as the Group Chief Financial Officer of Inari since 15 October 2015.

She holds a Bachelor of Accounting from University of Malaya, is a member of ASEAN Chartered Professional Accountant (“ASEAN CPA”) and has attended notable Senior Management Programme at the Business School, Institut Européen d’Administration des Affaires (INSEAD) in Fontainebleau, France. Ms. Chong has more than 28 years of working experience in corporate financial reporting, corporate finance, mergers and acquisitions, fund raising, corporate debt restructuring, corporate taxation, cost and budgetary control processes, ERP system implementation, policies and procedures, strategic business planning and risk management.

She started her career in 1995 and has held senior management positions in several private and public listed entities including four (4) Bursa Malaysia-listed companies involved in the manufacturing, construction, property development and utilities sectors. Prior to joining Inari, Ms. Chong held the position as the Group Chief Financial Officer of an engineering construction Bursa Malaysia-listed entity with an annual revenue exceeding RM1 billion.

SABRAN BIN SAMSURI

Age/Gender : 59/Male
Nationality : Malaysian

- Chief Operating Officer of Inari Technology Sdn Bhd

En. Sabran was appointed as the Chief Operating Officer of Inari Technology Sdn Bhd on 1 November 2013.

He graduated from the University of Arizona, Tucson, USA with a Bachelor of Science (BSc) in Mechanical Engineering.

En. Sabran started his career in 1988 at Advanced Micro Devices (“AMD”) Penang in the process and equipment engineering discipline of assembly packaging, followed by new packaging and process development engineering. He subsequently left AMD to join Advanced Semiconductor Engineering (M) Sdn Bhd (“ASEM”) Penang in 1993 to assume various engineering and operational positions, with corresponding roles and functions. He spent a substantive number of years in ASEM in advanced packaging and process engineering as well as in technology and business development roles. En. Sabran was the Vice President of Operation (Assembly and Test Operations) of ASEM before leaving to join Inari in 2013.

He has more than 36 years of working experience in the Electronics Manufacturing Services (“EMS”) and the Outsourced Semiconductor Assembly and Test (“OSAT”) industry, where he gained broad experience in leading OSAT operations including his primary responsibilities in operations for top and bottom-line performances, technology and business development and managing key customer relationships.

PROFILE OF THE KEY SENIOR MANAGEMENT

cont'd

KHOR SWEE HAR

Age/Gender : 60/Female
Nationality : Malaysian

➤ Senior Vice President
of New Technology and
Development of Inari
Technology Sdn Bhd

Ms. Khor joined Inari as Senior Vice President on 2 April 2023. She now leads the advanced assembly and packaging development of Inari Technology Sdn Bhd.

Ms. Khor holds a Master of Engineering degree in Chemical Engineering from the University of Singapore in Singapore. She also has a Bachelor of Science in Chemistry from the University of Science in Malaysia.

She started her career at Harris Advanced Technology as a lead finish engineer for military hermetic and commercial plastic IC packages. She spent 25 years in the company and witnessed the company's transition from a reputable IDM to a leading OSAT (ChipPAC and STATSChipPAC). Ms. Khor pioneered and developed many new assembly processes and package technologies for the company. In the process, she directed the packaging development work with dozens of key customers. She assumed engineering roles of increasing importance over time and was the director of New Product Introduction at STATSChipPAC before she left to join Onsemi. At Onsemi, she led the company's R&D group in power packaging development for MOSFETs, IGBTs, Driver MOS and other power devices.

Ms. Khor has over 35 years of experience and brings with her a broad spectrum of expertise in creating cutting-edge assembly processes and packaging technologies for the electronics manufacturing sector.

OOI BOON SHIN

Age/Gender : 47/Male
Nationality : Malaysian

➤ Senior General Manager of
Inari Technology Sdn Bhd

Mr. Ooi joined Inari as General Manager of Finance on 13 May 2013 and has been appointed as Senior General Manager since 1 Oct 2017 to oversee the supporting functions of all the subsidiaries in Penang, Malaysia.

He graduated from La Trobe University, Australia with a Bachelor of Commerce in Accounting. He started his career with Ernst & Young as an auditor and has subsequently held management position in both private and public listed entities with more than 21 years of working experience in the manufacturing industry. Prior to joining Inari, he held the position as Head of Finance for Texchem-Pack Group of Companies that was listed in Singapore Stock Exchange.

PROFILE OF THE KEY SENIOR MANAGEMENT

cont'd

PANG CHOON MENG

Age/Gender : 63/Male
Nationality : Malaysian

➤ Senior Vice President of
Amertron Incorporated,
Philippines

Mr. Pang joined Inari as the Senior Vice President of Amertron Incorporated, Philippines on 1 March 2022.

He graduated from the National Taiwan University with a Bachelor of Science (BSc) in Mechanical Engineering and holds a Master of Science in Mechanical Engineering from the West Virginia University, USA.

Mr. Pang started his career in 1996 at Motorola's Semiconductor Product Division and its subsequent spinoff, Freescale Semiconductor, where his main responsibilities include leading the microcontroller devices assembly and test operations to drive operational excellence as well as to lead the global probe transfer to set up a high volume probe floor in Malaysia and China. In 2014, Mr. Pang subsequently joined Fairchild Semiconductor, Penang as an Engineering Director before being promoted to Managing Director overseeing factory site operations. Mr. Pang then joined Infineon Technologies, Melaka in 2016 as the Vice President of Power Logic Test where he contributed to the integration of four high volume test modules into a new factory site amid production ramp up, before leaving to join Inari in 2022.

He has more than 32 years of working experience in the semiconductor manufacturing industry and has broad experience in leading operations and businesses including primary responsibilities in top and bottom-line performances and managing key customer relationships.

Notes:

None of the Key Senior Management have:

- (i) any family relationship with any Director and/or major shareholder of the Company;
- (ii) any conflict of interest with the Company;
- (iii) any directorship in public companies and listed corporations;
- (iv) any conviction of offences (excluding traffic offences, if any) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

PROFILE OF THE KEY SENIOR MANAGEMENT

cont'd



CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am delighted to present the Annual Report and Audited Consolidated Financial Statements of Inari Amertron Berhad ("Inari" or "the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2024 ("FY2024").

PERFORMANCE REVIEW

The current outlook for the semiconductor business is a mixed bag, reflecting both opportunities and challenges. On one hand, the increasing demand for advanced technologies such as artificial intelligence, cloud computing and data centres is driving significant growth in certain segments of the semiconductor industry and fuelling innovation and expansion. On the other hand, global semiconductor markets face several headwinds. Slowdown in demand for electric vehicles (EVs), geopolitical tensions, fluctuating consumer behaviour and the still tight monetary policies in major economies have introduced volatility. As a result, while long-term prospects remain promising, the near-term environment for the semiconductor business presents both growth potential and uncertainty, making it a nuanced and challenging landscape to navigate. This was the case for FY2024.

Notwithstanding, I am pleased to report that, despite these economic challenges, the persistent efforts of the Inari Group's staff have continued to produce notable results. Several key segments within Inari's sectors have shown resilience. Further, the Edge Artificial Intelligence ("Edge AI") segment, 5G Radio Frequency (RF) chips and modules, fiber-optic transceivers for cloud-connected data centres, and memory modules all demonstrate significant potential. These areas represent strong drivers of future growth, reflecting the Group's strategic positioning in OSAT industry.

For FY2024, the Group achieved a revenue of RM1.48 billion and a net profit of RM300.1 million. The Group's financial position remains robust, with strong cash flow generation. Our cash and cash equivalents totalled RM2.26 billion, and we maintained zero borrowings as at FY2024.

OUR PRESENCE



CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

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As one of the largest technology corporations in Malaysia, we continued our journey to expand our presence strategically in Malaysia, Philippines and China. The Group occupied a total of 11 plants in the 3 countries, having a total built-up area of approximately 2.15 million square feet and a total workforce of more than 6,000. Our on-going expansion plan includes building another block next to our P34 plant at Batu Kawan, the acquisition of a 5-acre piece of industrial land in Batu Kawan and an extension (CK2.1) to our Clark CK2 plant in Philippines.

Over the last 50 years, Penang has established industrial excellence in the Electrical and Electronics (E&E) sector. Penang has a robust ecosystem with both small-to-medium enterprises and large listed companies like Inari playing pivotal roles supporting the operations and growth of the multi-national companies (MNCs). Inari has played an important role in moving the local supply chain forward to become multi-tiered suppliers under the "Inari Waterfall Effect" in order to grow and move up the semiconductor value chain. With the support of the government under National Industrial Master Plan 2030 ("NIMP2030") and National Semiconductor Strategy ("NSS"), Inari is a core industry player navigating towards higher end manufacturing with enhanced OSAT and Advanced Packaging development to achieve higher value-added operations.

OUTLOOK AND PROSPECTS

According to the World Semiconductor Trade Statistics (WSTS) released in June 2024, WSTS projected the global semiconductor market growth to increase 16.0% in 2024, and grow by 12.5% to USD687 billion in the year 2025, although growth is driven primarily by the logic and memory sectors for the Artificial Intelligence ("AI") market¹. Moreover, the International Data Corporation (IDC) has in its July 2024 publication reported that the global smartphone shipments increased 6.5% to 285.4 million units in the second quarter of 2024². The growth of smartphone market is expected to continue alongside the growth in AI adoption, as more AI-capable smartphone models are being introduced.

In the current technology landscape dominated by the AI and trade-war tariff narrative, the semiconductor industry in Malaysia is reaping a promising ascent over the next few years, especially with the launch of the NSS by the Malaysian government. The Group's current business is well positioned to benefit from the anticipated adoption of AI-capable smartphones and the growth of high bandwidth optoelectronic devices in networks and data centres serving the AI market.

The Group remains cautiously optimistic for financial year 2025, anticipating that Advanced Packaging will become a strategic enabler to assemble the most sophisticated leading-edge chips. The Group will continue to focus to improve our production capacity, strengthen operational efficiencies to grow revenue consistent with or better than industry forecasts in FY2025.

SUSTAINABILITY

Recognizing that our long-term success is closely linked to a robust sustainability plan, we have integrated Environmental, Social, and Governance (ESG) values into our business strategies. Since 22 June 2020, Inari has adhered to globally recognized standards, qualifying for inclusion in the FTSE4Good Bursa Malaysia ("F4GBM") Index. This inclusion underscores our strong commitment to sustainability. Furthermore, we align our Sustainability Statement with the Global Reporting Initiative Standards ("GRI Standards") and the United Nations Sustainable Development Goals ("UNSDGs"), as outlined in this financial year's Annual Report (pages 40 to 141). These efforts reflect our dedication to responsible and sustainable business practices that drive long-term value.

DIVIDENDS TO OUR SHAREHOLDERS

The Group remained its strong commitment to delivering good returns to our shareholders. For FY2024, the Group declared a higher dividend payout ratio at 96.5% over the profit after tax. This translates to a total of 7.70 sen per ordinary share and the total dividend declared amounted to RM289.6 million for the financial year.

Finally, I would like to extend my deepest appreciation to the Group CEO, my fellow Directors on the Board, the management team, and all employees for their unwavering commitment, hard work, support, and contributions to the Group's success. I would also like to express our gratitude to the Group's valued customers, business associates, advisers, suppliers, banks, governmental and regulatory authorities, as well as our shareholders for their continued trust and support.

Thank you.

On behalf of the Board

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU DATO' SRI SETIA HAJJAH AISHAH BINTI ALMARHUM SULTAN HAJI AHMAD SHAH AL-MUSTA'IN BILLAH, DK., SAAS., SSAP., SIMP.

Chairperson
25 October 2024

¹ Source: World Semiconductor Trade Statistics, 4 June 2024

² Source: International Data Corporation, 14 July 2024

MANAGEMENT DISCUSSION AND ANALYSIS

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES

Inari Amertron Berhad (“Inari” or “Company”) and its subsidiaries (“Group”) are Outsourced Semiconductor Assembly and Test (“OSAT”) service providers for the semiconductor industry covering radio frequency (“RF”), fibres-optics transceivers, optoelectronics, memory modules, sensors and custom integrated circuit (“IC”) technologies. Our Group’s major manufacturing business operations include:

- Wafer processing which covers bumping, probing, laser marking, die sawing, back grinding, flip-chip dice tape & reel and automated visual inspection (“AVI”).
- Chip Fabrication and Wafer Certification in Fiber Optic chips covering wafer scribe & cleave, bar aligning, demount-load fixtures and facet coating and chip-on-carrier (“COC”).
- Advanced System-in-Package (“SiP”) assembly and test including fine-pitch surface mount technology (“SMT”), high speed & high accuracy flip-chip dice placement, in-line post vision, molding underfill (“MUF”) and post-mold oxide plating, and final testing.
- Stacked dice capabilities for memory modules.
- Other services include new product introduction (“NPI”) services, failure analysis lab, sensor and IC Package design and characterization, process customization and assembly, product testing, box build, and direct-to-end-customer dropship services.

The Group remains committed to its growth strategy by expanding its business through value-accretive investments in production capacity and technological innovation. This involves continuous enhancement on manufacturing capabilities and processes, rapid execution, and development of a strong talent pool, while also prioritizing the integration of robust sustainability measures and best practices across all operations and organisational structures of the Inari Group. Alongside our business operations is advancing internal digitalization towards supporting AI platforms for manufacturing and while managing cybersecurity as a priority.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES (cont'd)

MANUFACTURING CAPABILITIES

High-Mix Low-Volume & Low-Mix High-Volume Operations**Wafer Probe & Processing**

- Fine Print Wafer Bumping
- Low Stress Bumped & Unbumped Wafer
- Tight Temperature Control & Stress Test
- IR/2D/3D MEMS Inspection
- Chip-on-Carrier Wafer Coating & Processing

**Assembly**

- Hermetic, Leaded, Sensor & LED Packages
- RF System in Package
- Power System on Module
- Fine Pitch Flip Chip Surface Mounting
- Fibre Transceiver Packages

**Package Test**

- Radio Frequency Testing (~20GHz)
- Fibre LIV/Dynamic Testing
- Optical/3D Sensor Testing
- Test Design & Development
- Complex High Speed ASIC Testing

**Back-End**

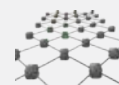
- Die Level Traceability & Genealogy
- In-line Automated Visual Inspection
- Burn-In, Pre-Cond & MSL Packing
- Vendor Managed Inventory & Drop Ship
- Customer Interactive Tracking Portal



RF device for
Smart Mobiles



Sensors for Automotive
& Industrial



Fibre and ASICs for
Communications & Storage

KEY CAPACITIES (and growing)

**Wafer Probe
& Process**

300+
Probers

60+
Wafer Saws

5+
Back Grinders

150+
Flip Chip T&R

**Surface Mount
& Assembly**

20+
SiP Lines

30+
Moulds

20+
Laser Markers

30+
AOIs

**Automated Test
Equipment (ATEs)**

1,500+
Test Systems

70+
ATE Testers

1,000+
Handlers

50+
AOIs



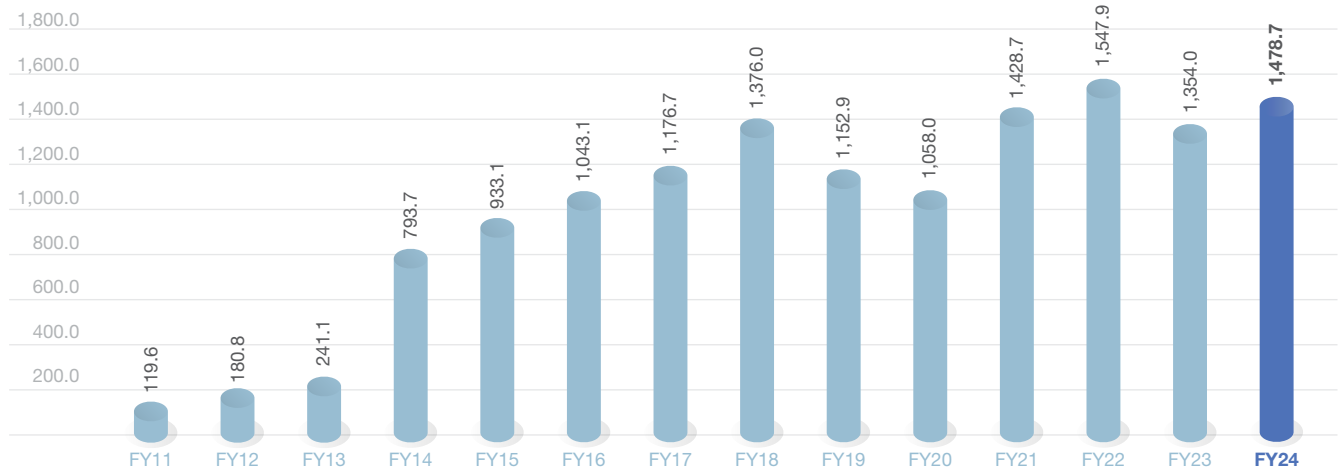
7+ Billion Chips Produced Yearly

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES (cont'd)

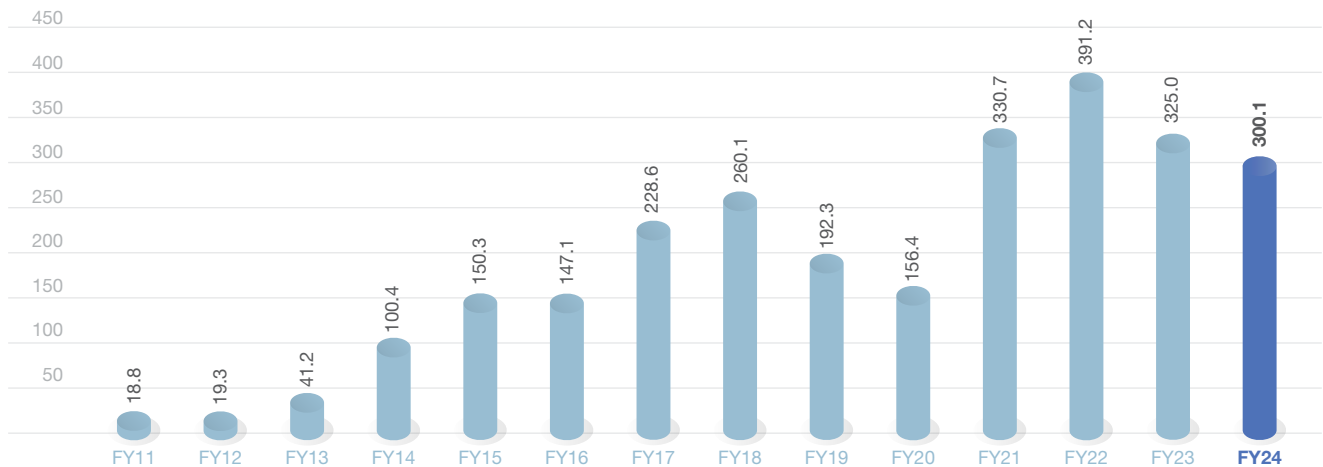
REVENUE (RM'million)



Solid Revenue Record

Registered revenue of RM1.48 billion in FY2024, a solid growth since FY2011 and positive rebound from FY2023.

PROFIT AFTER TAX (PAT) (RM'million)



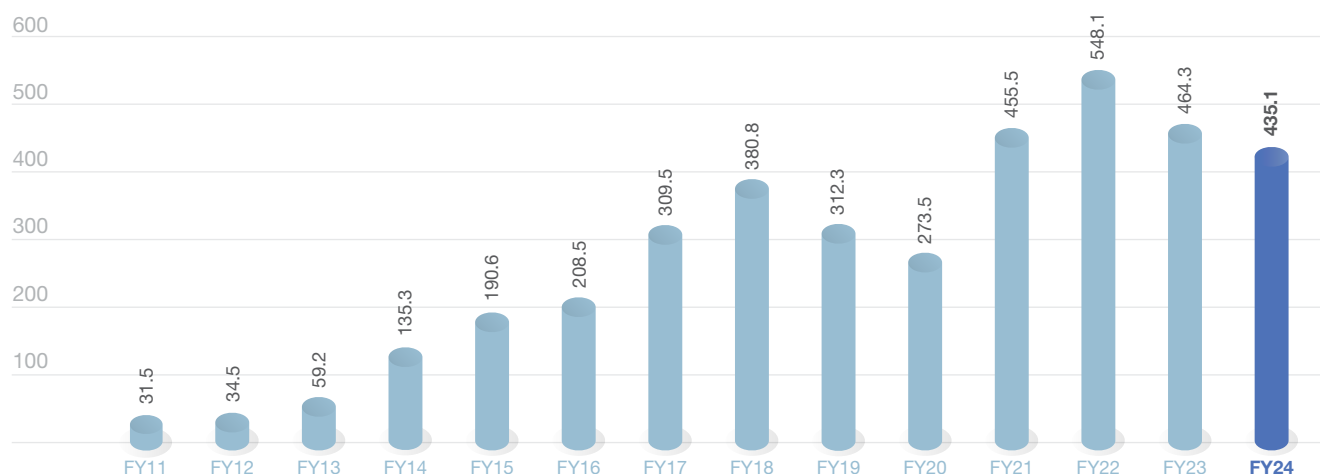
Steady PAT Record

Achieved PAT of RM300.1 million in FY2024, results of constant effort in the optimisation of cost-containment and operational enhancement.

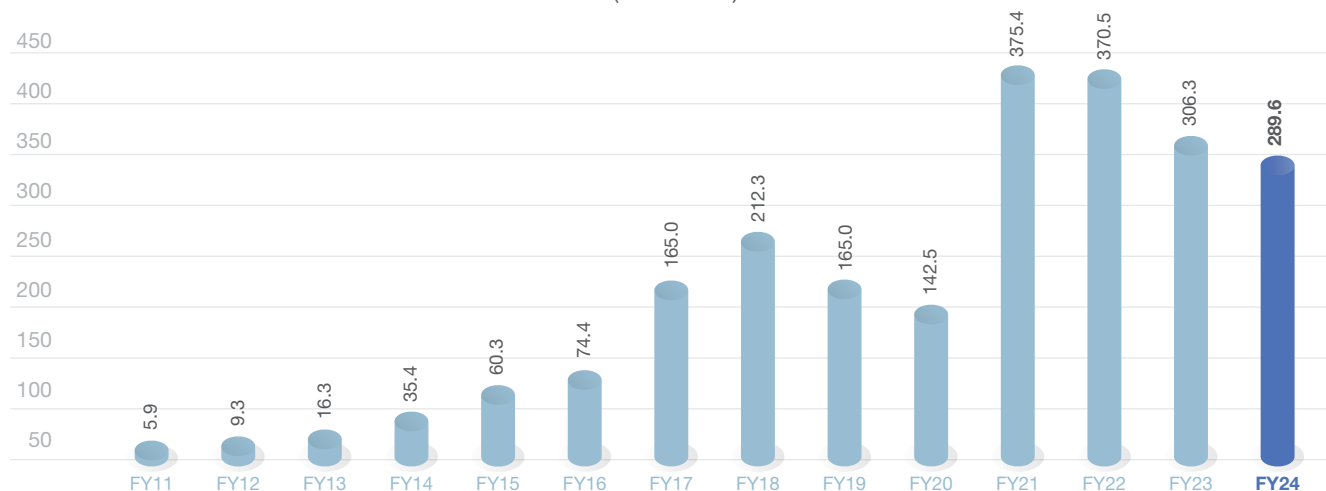
MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES (cont'd)

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)
(RM'million)**Double Digit EBITDA**

EBITDA recorded at RM435.1 million in FY2024, which is 29.4% of EBITDA to revenue ratio.

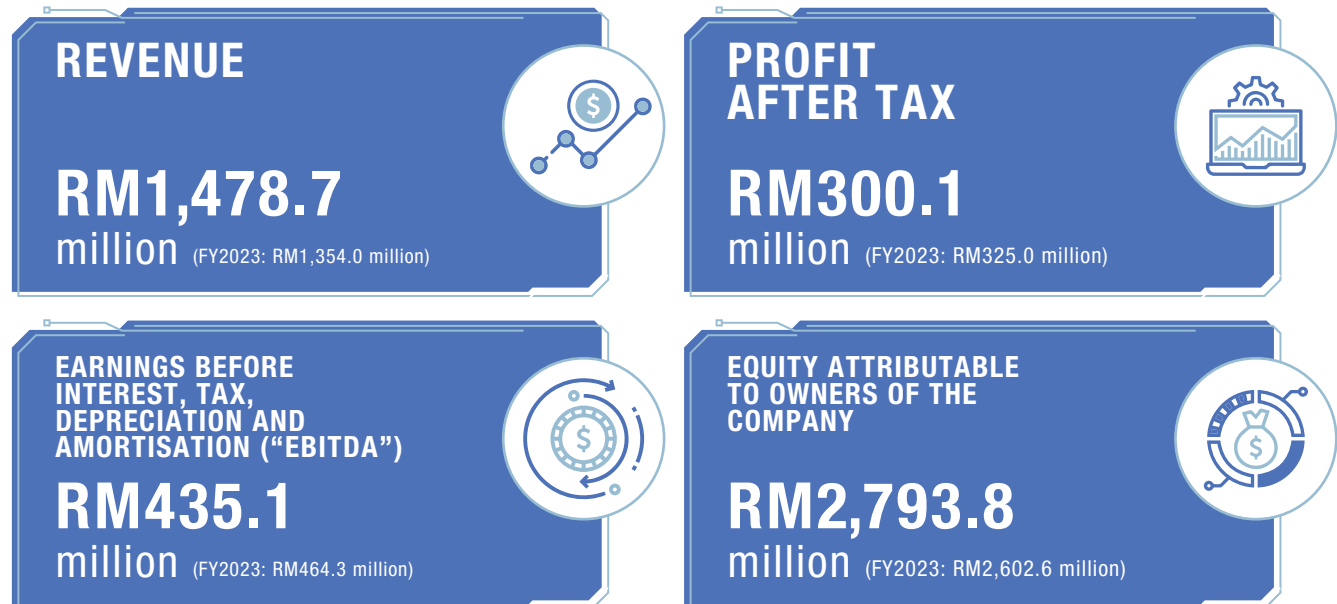
CASH DIVIDEND PAYMENT
(RM'million)**Robust Dividend Growth**

Robust growth in cash dividend payout since FY2011. Recorded dividend payout ratio of 96.5% which amounted to RM289.6 million in FY2024. Total cash dividend payout of RM2.23 billion since FY2011.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES (cont'd)



(B) FINANCIAL REVIEW

Financial Performance

Inari Group achieved a revenue of RM1.48 billion for the financial year ended 30 June 2024 ("FY2024"), reflecting an encouraging rebound with a 9.2% year-on-year growth despite a challenging economic environment. This growth underscores the Group's resilient strategy in capitalizing on emerging market opportunities. Among the various business segments, the Radio Frequency ("RF") segment remained the primary contributor to revenue, reaffirming its pivotal role in driving the Group's performance.

The Group made a net profit of RM300.1 million in FY2024, lower by 7.7% from RM325.0 million in FY2023. The Group's EBITDA for FY2024 also lower by 6.3% to RM435.1 million as compared to RM464.3 million in FY2023. Overall, the decline was mainly due to unfavourable movement in foreign exchange rates, increase in electricity rates and losses in work-in-progress items arising from unstable glitches in electricity supply from grid experienced during the financial year under review which had since been rectified. Moreover, the Group also experienced short term lower gross margins due to staging of new products in our push for revenue growth for the future and to capitalise on the rising market demand for advanced technology, while continue to deliver exceptional OSAT services to our customers.

The net profit for FY2024 is derived after accounted for:

- Higher interest income of RM66.7 million in FY2024 compared with RM52.9 million in FY2023;
- Unfavourable foreign currency exchange loss of RM2.2 million in FY2024 compared with foreign currency exchange gain of RM15.4 million in FY2023; and
- Lower taxation at RM10.0 million in FY2024 compared with RM30.8 million in FY2023, the decrease is mainly due to lower tax provision derived from a corresponding decrease in operating profit in FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(B) FINANCIAL REVIEW *(cont'd)*

Profit Attributable to Owners of The Company

Profit attributable to owners of the Company for FY2024 decreased 7.2% year-on-year to RM300.2 million compared with RM323.5 million in the previous financial year. The Group's Earnings Per Share ("EPS") is 8.01 sen for FY2024.

Liquidity and Capital Resources

The Group's cash and cash equivalents increased to RM2,260.7 million compared with RM1,831.0 million in FY2023. This amount includes unutilised net proceeds of RM414.0 million raised from the private placement exercise completed on 30 July 2021, after deducting the utilisation for capital expenditure, acquisitions and investments. The healthy cash flow generated from operations allowed Inari to deliver steady cash dividends while keeping up with capital expenditure. The Group's cash and cash equivalents as of 30 June 2024 was arrived at after taking in account the following:

- a) Net cash generated from operating activities of RM515.5 million in FY2024 compared with RM419.0 million in FY2023;
- b) Cash invested in capital expenditure of RM180.7 million in FY2024 compared with RM113.0 million spent in FY2023. The investment in capital expenditure was made for the continued expansion of production facilities, increases in production capacity as well as ongoing automation and cost optimisation measures. Besides, there was an additional net cash inflow of RM280.2 million upon consolidated the joint venture investment in China as a subsidiary company to the Group; and
- c) Financing activities registered a net outflow of RM189.4 million in FY2024 mainly arising from total cash dividend payments of RM292.1 million, netted off against proceeds from the exercise of ESOS options of RM103.3 million and repayment of lease liabilities of RM0.6 million during the financial year under review.

Gearing

The Group has zero gearing as of the end of FY2024.

Dividend

During FY2024, the Company declared four (4) single tier interim dividends totalling 7.70 sen per ordinary share. The total dividend declared represents higher dividend payout ratio at 96.5% over the profit after tax as compared with FY2023's payout ratio at 94.2% from the total dividend of 8.20 sen per ordinary share. The total dividend declared to shareholders for FY2024 amounted to RM289.6 million compared with RM306.3 million declared for FY2023.

(C) OPERATIONS REVIEW

Key Milestones and Operations Highlights

(1) Performance in FY2024

The semiconductor industry has been epitomized by relentless technological advancements, uninterrupted growth and innovation across multiple industries. With increase in semiconductor content within emerging applications, the packaging of the chips will need to miniaturize constantly to provide higher levels of functionality and performance. Several important trends that have driven the growth of the overall industry which Inari is involved in, namely:

- Growing demand for smart devices such as smartphones, wearables and other Internet-of-Things ("IoT") devices that has inter-connectivity capabilities;

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(C) OPERATIONS REVIEW (cont'd)

Key Milestones and Operations Highlights (cont'd)

(1) Performance in FY2024 (cont'd)

- Artificial Intelligence (“AI”) deployment infrastructures like data centres, requires support from products, such as optical transceivers and high-speed optical modules;
- Increase in edge AI applications in consumer and industrial devices;
- Digitalization of businesses requiring large data storage such as higher memory modules;
- Emerging applications that require power system that fuels from product platforms such as System on Module and System on Chip;
- Higher end consumer products that require internal smart display, large electronic billboards and smart horticulture system utilizing high power LED; and
- Advanced sensors used in health care, sports simulator, vehicle and smart home sensor.

During the year, Inari continued its focus in driving innovation to support technology proliferation through advanced packaging and testing with a time-to-market concept, positioning Inari as a crucial player in the supply chains of emerging technologies such as high speed 5G connectivity, cloud technologies in data centres, Internet of Things, Artificial Intelligence, and Automotive and Industrial Electronics.

In a year of both opportunities and challenges, Inari Group recorded a higher revenue of RM1.48 billion.

(2) Operational Highlights

Inari aligns its performance with the TQRDCBE formula – Technology, Quality, Responsiveness, Delivery, Cost, Business Acumen and Environment in its business strategy and operation. Inari actively pursues new technology and innovation, where annual reviews and refinement of system parameters are performed to accommodate the latest IC miniaturization trends supported by the expertise, knowledge and capabilities of our employees. We are deeply committed to investing in our talent, as well as in advanced equipment and machinery, to continuously enhance our capabilities.

With the transformation of OSAT’s role arising from the introduction of advanced packaging, a new division within Inari Group has been formed – New Technology and Development (“NTD”) Department, whereby the NTD can focus on using sophisticated technology for the development of advanced packaging. The NTD will be at the fore front of the Group alongside existing New Product Introduction (“NPI”) teams to serve new and existing customers for new products being introduced. Together with our niche in processing miniaturized chips, Inari is in a strong position to fulfil customers’ demands in the emerging applications. Having early involvement with the customers, Inari’s NTD and NPI engineers can co-design and co-develop advanced packaging processes to streamline ahead of mass production whilst maintain high quality and high yield rates. With our implementation of Industry 4.0 (I4.0), machine connectivity across all types of products and functions allow for fast and accurate decision making for operations to be carried out systematically, efficiently and promptly.

Resilient RF Filter Performance

RF filter SiP remains the main revenue contributor for Inari. As new flagship smartphones are released continually with increasingly advanced features, more chips will be required to power these systems with phones of similar or even thinner sizes. As such, increasingly miniaturised thinner and tinier sized chip packages with more content dies and passive components are required to fit in the same space or even smaller space allocated inside the phones. This requires advanced assembly technology that supports miniaturized dice and nodes measured in microns, coupled with precise placement of the flip chip technology and the high yield sputtering process of Electro Magnetic Interference (“EMI”) shield on the RF packages.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(C) OPERATIONS REVIEW (cont'd)**Key Milestones and Operations Highlights** (cont'd)**(2) Operational Highlights** (cont'd)**Resilient RF Filter Performance** (cont'd)

Inari has one of the largest RF test sites in the world with more than 1,000 testers. Inari distinguishes itself as “engineered OSAT”, having a well-equipped and dedicated workforce trained to be agile especially for short notice capacity ramp-up. We are committed to support demand spikes for RF products especially during new product launches (with frequent inadvertent up or downstream delays) with urgent lead times. We constantly invest into all our operations advancement or plants expansion to add value and improve wafer processing, advanced-SiP assembly capability and manufacturing capacity, thereby meeting the ever-evolving demand in RF package technology.

Amertron Business Units – Stable Performance

Amertron Philippines and China operations have a long history and experience in performing assembly services for optical and sensor products. Their performance have remained stable and continued to meet expectations. In FY2024, the Philippines operation received increased orders of optical products from an existing customer for edge AI deployment and also secured orders for high power LED products from a new customer. In anticipation of growing requirements, we are constructing plant CK2.1 which is an extension to CK2 and will be completed by end of 3rd quarter FY2025. Amertron will continue to stay relevant at the forefront of the technology revolution by continuously evolving its operations. We will continue to use “Kaizen” and other lean manufacturing tools to maintain total efficiency and drive productivity within the processes for all products in the operations.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(C) OPERATIONS REVIEW *(cont'd)*

Key Milestones and Operations Highlights *(cont'd)*

(2) Operational Highlights *(cont'd)*

Joint Venture – Yiwu Semiconductor International Corporation (“YSIC”)

YSIC was formed with the main objective of creating synergies between joint venture parties to carry out OSAT manufacturing and related business in China for the China market. YSIC will specialize on Chip Scale Packaging, Wafer Level Packaging, and Module as well as SiP Assembly and Test. The construction of the manufacturing plant and facilities for phase 1 was completed in November 2023 in record time, having all facilities ready even before the completion of all construction and building handover. With an exceptional team of experienced employees on board, there are already a few products which have passed qualification. These are at the quotation stage and will soon commence low volume manufacturing. Recognizing the vast addressable market in China, YSIC represents a strategic initiative for Inari to expand its competitive offerings to a broader range of key strategic customers.

(D) CHALLENGES & RISKS

We remain optimistic about the Group's business outlook, while staying cautious and mindful of the challenges posed by the highly competitive, fast-changing, and demand-volatile nature of the semiconductor industry. To ensure we navigate these complexities effectively, we closely monitor and regularly review our risk management and business sustainability practices. By applying comprehensive frameworks that include processes and policies aimed at addressing and mitigating risks, we are committed to sustaining growth and meeting the Group's long-term business objectives.

Economic and Market Environment

The semiconductor industry operates within a fast-paced and ever-evolving environment which is highly sensitive to fluctuations in supply and demand dynamics.

Earlier global chip shortages resulting from the covid outbreak and demand spikes from the subsequent push of digitalization on IoT, 5G and automotive sectors has morphed into excess industry capacity beginning FY2024. This has led to lower capacity utilisation and margin erosion particularly in the China market. This is expected to continue in FY2025 with deflationary pressures on manufacturing output sold domestically and exported by China for mature manufacturing processes and products.

At the same time, technological advancements are accelerating and shaping the course of the next generation's innovations. Yet the advancements are imposing twin challenges of technology obsolescence and market disruption. While full mitigation of these risks is impractical, the Group is constantly taking proactive measures to enhance our technical and production capabilities. This approach includes upskilling for diverse engineering processes across various applications and products while concurrently diversifying our customer base and revenue streams, ensuring our robust competitive position in semiconductor packaging services.

The Group is mindful of the current economic uncertainties and challenging market conditions. We will continue with aggressive cost-containment measures and operational enhancements to drive process innovation, improve manufacturing efficiency, and bolster overall productivity. These initiatives are pivotal in navigating market volatility while ensuring sustained growth and resilience in the semiconductor sector. By proactively managing risks and adapting to industry changes, we position ourselves to remain competitive and continue driving long-term success, even in the face of uncertainty and rapid technological advancements.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(D) CHALLENGES & RISKS (cont'd)

Cyclical Nature of the Semiconductor Market

The cyclical nature of the semiconductor market poses a significant risk due to its recurring patterns of boom and bust, often driven by rapid technological advancements and fluctuating demand. These cycles can lead to industry wide overinvestments in manufacturing capacities, followed by inevitable market corrections.

Inari recognizes these inherent risks and remains vigilant in monitoring market conditions and trends. The Group is committed to making prudent investment decisions and diversifying its product portfolio as strategies to navigate through the cycles. This strategic diversification ensures that the Group capitalize on emerging opportunities with a time-to-market concept. With emphasis on detailed operational planning and continuous learning of modern technologies, Inari enhances its flexibility and responsiveness to market changes. Having the New Technology and Development Department on board to focus on the development of advanced packaging processes, we are confident to offer innovative solutions that meet evolving customer needs, further strengthening our market position.

Inari aims to navigate market fluctuations effectively, ensuring long term stability and growth despite the inherent volatility of the semiconductor industry.

Dependence on Major Customers and Competitive Industry Environment

The Group is highly dependent on a few major customers which contribute significantly to the Group's revenue. Despite operating in a highly competitive industry subjected to rapid technological changes, we have maintained strong long-term relationship with our customers.

We recognise the significant impact of this risk on the well-being of our business. To secure customers' trust and confidence in our services, the Group focusses on continual upgrading of manufacturing processes and improvements on technologies, and we implement stringent quality management practices to remain competitive. Our technical expertise and industry knowledge, particularly our ability to offer value added comprehensive semiconductor packaging services, differentiate us from our competitors. Furthermore, we will continue to expand our research and development efforts to enhance the development of packaging on new products to further strengthen our position in the OSAT industry.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(D) CHALLENGES & RISKS *(cont'd)*

Human Capital

We recognise that the success of the Group relies on our employees, who form a strong collective workforce driving our revenues, along with the leadership of our management steering the Group in the right direction. Together, our strength is we move cohesively as one unit.

We consider our employees a vital asset of the Company, acknowledging their contribution and commitment over the years as a key factor in Inari's success and our journey to become a leading OSAT player today. We continue to value our people and emphasize the need for strong and effective succession as well as staff retention strategies.

We are also committed to continually invest in our employees' professional development, regularly review the effectiveness of our recruitment process, assess employee remuneration and benefit packages, uphold human and labour rights, and provide a good and safe working environment to attract, develop and retain our talent pool.

Please refer to our Sustainability Statement (Workplace - Caring for our people) from pages 100 to 121 for further details.

Foreign Currency Exchange Fluctuation

We are exposed to foreign currency exchange risks due to fluctuations in the appreciation or depreciation of our operating local currencies and the Group's reporting currency (RM) as most of the Group's revenue is generated in US Dollars.

To mitigate these risks, the Group engages in active foreign currency hedging. Additionally, we take active steps to minimise exposure to foreign currency exchange fluctuations in our procurement and purchasing arrangements by using US Dollars, the same currency as our revenue, with both local and foreign suppliers.

(E) OUTLOOK AND PROSPECTS

According to the World Semiconductor Trade Statistics (WSTS) released in June 2024, WSTS projected the global semiconductor market growth to increase 16.0% in 2024 with an estimated market valuation at USD611 billion, and further grow by 12.5% to USD687 billion in the year 2025, although driven primarily by the logic and memory sectors for the AI market ¹. Moreover, the International Data Corporation (IDC) has in its July 2024 publication reported that the global smartphone shipments increased 6.5% to 285.4 million units in the second quarter of 2024 ². The growth of smartphone market is expected to continue alongside the growth in AI adoption, as new AI-capable smartphone models are being rapidly introduced.

In the current technology landscape dominated by the AI and trade-war tariff narratives, the semiconductor industry in Malaysia is reaping a promising ascent over the next few years, especially with the launch of the National Semiconductor Strategy ("NSS") by the Malaysian government. The Group's current business is well positioned to benefit from the anticipated introduction of AI-capable smartphones and the growth of high bandwidth optoelectronic devices in networks and data centres serving the AI market.

The Group remains cautiously optimistic on the prospects for FY2025, anticipating that advanced packaging will become a strategic enabler to assemble the most sophisticated leading-edge chips. The Group will continue to focus on the development of advanced packaging and implement strategies to improve our production capacity and utilisation, strengthen our operational efficiencies to grow revenue consistent with or better than industry forecasts in FY2025.

The downside risks are a weakening USD, geopolitics and price erosion from excessive over-capacity in the semiconductor industry coming onstream in FY2025.

¹ Source: World Semiconductor Trade Statistics, 4 June 2024

² Source: International Data Corporation, 14 July 2024

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

LOOKING FORWARD TO FY2025

As semiconductor trends advance, we expect a broader array of products to incorporate AI features. This evolution offers significant opportunities for companies within the supply chain. With the potential increase in demand for manufacturing support, success will depend on essential capabilities like precision and speed for manufacturing products that are highly dense and miniature in size, with efficient heat management. These strengths uniquely position Inari as a leading preferred supplier.

Inari has dedicated a yearly budget of RM100 million to boost our capacity and enhance our capabilities. Our primary goal is to keep pace with rapid technological advancements and ensure swift time-to-market deployment. With the formation of NTD team, their focus will be on developing an advanced packaging platform and collaborating closely with new customers on innovative products. This will enable Inari to move up the value chain, providing advanced packaging coupled with shifting up the value chain in enhancing our lean manufacturing capabilities with advanced automation and datamation support.

By embracing Industry 4.0 principles through our internally developed Inari Manufacturing Execution System (“iMES”), we not only enhance our operational excellence but also strengthen our talent and technology capabilities. Continuous improvements to our manufacturing platform and skill development within our talent pool ensure that we consistently offer valuable solutions to our customers.

Our Group is committed to expanding our production capacity to meet the growing demand from both current and new customers. This expansion is driven by the robust demand for RF filter components, optoelectronics and memory modules and sets the Group on a trajectory of sustained growth. Importantly, this growth permeates through Inari's supply chain ecosystem, a phenomenon we proudly refer to as the “Inari Waterfall Effect” as elaborated on in our Sustainability statement on page 72.



SUSTAINABILITY STATEMENTS





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Climate Change Risk Management
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Materiality Assessment

ECONOMIC

Better Results from Better Practices

Corporate Governance And Ethics
Customer Satisfaction
Innovation
Supply Chain Management
Privacy And Data Protection

ENVIRONMENT

Caring for our Planet

Climate Change Management
Energy Usage
GHG Emissions And Climate Change
Water Management
Waste Management
Product Stewardship

WORKPLACE

Caring for our People

Employee Gender, Diversity And Inclusion
Employee Development And Talent Retention
Human And Labour Rights
Occupational Safety And Health
Employee Welfare

LOCAL COMMUNITIES

Giving Back

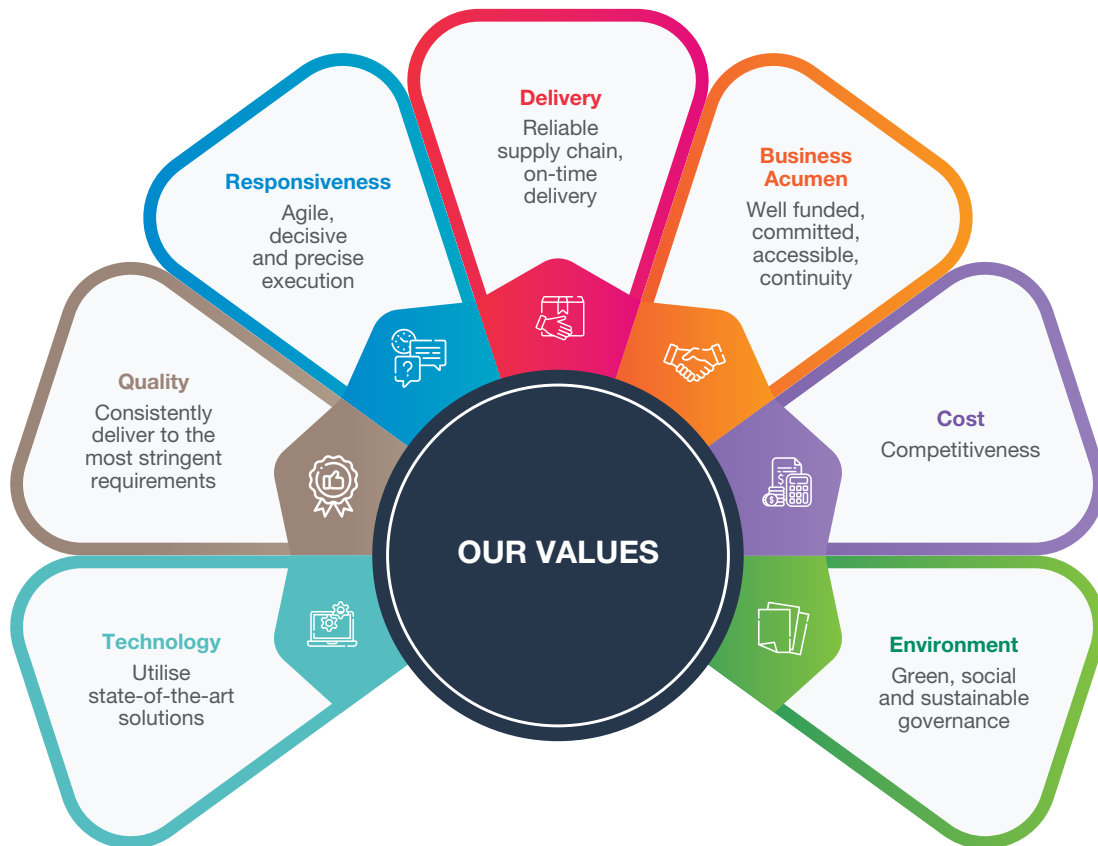
Local Communities

SUSTAINABILITY STATEMENT

cont'd

ABOUT THIS SUSTAINABILITY STATEMENT

Being a prominent player in the Outsourced Semiconductor Assembly & Test (“OSAT”) sector and one of the largest technology companies in Malaysia, we command an expansive built-up production area of about 2.15 million square feet spanning Malaysia, Philippines, and China. This expansive reach endows our endeavours with far-reaching influence, resonating throughout economies, individual livelihoods, and ecological vitality. Hence, our duty is apparent; we are resolutely dedicated to nurturing a sustainable future. Through steadfast commitment, we seek to enhance the communal social, economic, and environmental framework, underscoring our profound responsibility to the well-being of all.



In line with Inari’s Core Values, we have integrated sustainability as a central part of our governance and everyday business processes. With this, we proudly present Inari Amertron Berhad and its subsidiaries (herein referred to as “Inari” or “the Group”) eighth Sustainability Statement (“Statement”), highlighting the Group’s sustainability performance in the aspects of economic, environment, workplace and local communities.

This Statement should also be read alongside other sections in this Annual Report namely Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control as well as our Corporate Governance Report, as sustainability efforts may be better contextualised and narrated in the respective sections.

SUSTAINABILITY STATEMENT

cont'd

REPORTING PERIOD AND BOUNDARY

This Statement provides information on Inari's sustainability performance through our operations in Malaysia, Philippines and China (not including Yiwu Semiconductor International Corporation as its production activity has yet to commence), and covers the financial reporting period from 1 July 2023 to 30 June 2024 ("FY2024"). Where possible, information from previous years has been included to provide comparative data.

REPORTING FRAMEWORK AND STANDARDS

We have prepared this Statement in compliance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") and refers to Bursa Malaysia's Sustainability Reporting Guide 3rd edition and Toolkits. Additionally, we have adhered to the best practice sustainability guidelines, standards and framework as follows:

- Global Reporting Initiative ("GRI") Standards;
- United Nations Sustainable Development Goals ("UNSDGs"); and
- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance indicators ("FTSE4Good").

In addition, we work to align with Task Force on Climate-Related Financial Disclosures "TCFD" Recommended Disclosures on the 4 main pillars on Governance, Strategy, Risk Management and Metrics & Targets.

ASSURANCE

This Statement has not been externally assured. Nevertheless, the performance data published in this Statement have been assessed, validated and reviewed by the internal operations and management team.

Regular audits/reviews are in place in relation to key risks, processes, and controls relevant to sustainability-related risks identified via the risk management process and the policies and procedures quoted in this Statement.

This Statement is reviewed and approved by the Board.

AVAILABILITY

This Statement is available on the Company's website at www.inari-amertron.com in a downloadable PDF format.

POINT OF CONTACT

To continuously improve on our sustainability efforts, we welcome and encourage our stakeholders to provide feedback pertaining to this Statement or our sustainability practices and initiatives. Comments and questions can be directed to our designated email address at i-enquiry@inari-amertron.com.my.

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY JOURNEY THUS FAR

Our Vision & Mission

- Deliver Quality Services & Products To Our Customers
- Treat Staff, Customers, Our Business Partners Fairly
- Deliver Good Returns To Our Shareholders

Our Key Beliefs

I	Integrity <i>Need all levels to walk the talk at all times</i>
N	No Excuse <i>Focus on the success formula</i>
A	Aligned Partnership <i>Customers - Our Team - Suppliers</i>
R	Result Oriented <i>To delight stakeholders, customers and employees</i>
I	Initiative <i>Positive and Can-Do attitude</i>


2024

- Received The Edge **ESG Awards** – Silver (Technology Sector), and The Edge's Billion Ringgit Club Award for the **highest growth in profit after tax** over three years in technology sector.
- Received the TalentCorp MySip Appreciation Award, honoured as top 5 organisation with **highest number of internships offered**.
- Received the Supplier Appreciation Award from AMS Osram for the **partnership, loyalty and outstanding services**.
- Received Appreciation Certificate awarded by Department of Environment ("DOE") on **Environmental Awareness Program** for 2023.
- Received **Malaysia SMART Manufacturing Award 2023** - Industry 4.0 Pillars Category (Best in System Integration).


2023

- Being voted as **Best Employer of the Year**.
- Obtained **Green Energy Certificate** for our efforts in GHG Reduction by installing solar panels to move towards our goal in Net Zero by 2050.
- **Achieved** our short-term target on Scope 1 GHG Emission, water consumption and waste generation reduction.
- **Planted 1,765** trees at our operation sites to **support local ecosystems** and improve air quality.


2022

- Our **Sustainability Policy** included our support to the **Paris agreement 2015's** goal to reduce global warming and the **Net Zero** carbon emission **by 2050**. This is evidenced by the inclusion of climate change risk and controls in annual Enterprise Risk Management assessment activities.
- Became a **listed Task Force on Climate-Related Financial Disclosures ("TCFD")** supporter. 
- Conducted a formal and objective **Board evaluation** by external consultant in accordance to MCCG Practice 6.1 to enhance the governance process.

2021

- Strengthen sustainability governance through the development and enhancement of the **Sustainability Reporting Handbook and Framework, Corporate Liability and Corruption Risk Management Framework**.
- Became a **corporate member of Climate Governance Malaysia**, the Malaysian chapter of World Economic Forum's Climate Governance Initiative. 

2020

- Included as one of the constituents of **FTSE4Good Bursa Malaysia Index** on 22 June 2020. 
- Redesignated Sustainability Working Committee to **Sustainability and Integrity Working Group ("SIWG")**.

2019

- Published third Sustainability Statement in accordance to **Global Reporting Initiative Standards**.
- Mapped sustainability matters with **United Nations Sustainable Development Goals**.

2018

- Board oversight on the implementation of sustainability strategy through the establishment of **Sustainability and Risk Management Committee**.

2017

- Published **inaugural Sustainability Statement** and established **Sustainability Working Committee**.
- Performed both internal and external **Stakeholder Engagement and Materiality Assessment**.

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY GOVERNANCE

Setting the Tone from the Top

To embed sustainability throughout our organisation, we believe in adopting a tone from the top approach. Inari's sustainability governance is led by our Board of Directors who are responsible for considering economic, environmental, social and governance matters in the Group's business strategies.

Our Board of Directors is supported by the Sustainability and Risk Management Committee ("SRMC") in overseeing the sustainability matters of the Group, identifying principal risks and business sustainability strategies alongside the Senior Management, and ensuring their adherence to appropriate risk mitigation and sustainability efforts within the Group. The SRMC is assisted by the Group Chief Executive Officer ("Group CEO") and Group Chief Financial Officer ("Group CFO"), to provide the overall direction, lead strategic decision making and review sustainability implementation, and performance & risk management in an integrated manner.

Sustainability and Risk Management Committee	
Chairman	Datuk Phang Ah Tong <i>Independent Non-Executive Director</i>
Committee Members	Dato' Dr. Tan Seng Chuan <i>Executive Vice Chairman</i>
	Dato' Ong Eng Bin <i>Independent Non-Executive Director</i> <i>(Appointed w.e.f. 31 January 2024)</i>

Our Sustainability and Integrity Working Group ("SIWG") will continue to be led by the Group CEO supported by the Group CFO and comprises the management team and representatives from various departments. The SIWG is responsible for undertaking the process of materiality assessment, as well as, executing and implementing sustainability initiatives and monitoring its progress. We have further strengthened our sustainability governance structure by the development and enhancement of the Sustainability Reporting Handbook and Framework, Corporate Liability and Corruption Risk Management Framework. These were done in alignment with, amongst others, the updated Malaysian Code on Corporate Governance ("MCCG") released in April 2021, particularly the Intended Outcome 4.0 which puts emphasis on sustainability management including climate change.

Further to becoming a corporate member of Climate Governance Malaysia, the Malaysian chapter of World Economic Forum's Climate Governance Initiative since 2021, our Board of Directors acknowledged and recognised climate change as a relevant long-term risk and/or opportunity to the business, thus, in FY2024, the SRMC had exercised its oversight of the management of climate change risks by reviewing the risk profile facilitated by external consultant on the impact of climate change to the Company's operations and the relevant controls put in place by the Management through the Company's annual enterprise-wide risk management assessment activities. Additionally, the SRMC also reviewed various operational risks, including but not limited to those related to human rights, safety, and health.

The detailed risk management process on climate change-related risk can be found on Climate Change Risk Management section of Inari's sustainability statement from Page 52 to Page 53. Meantime, the risk management process for other operational risks can be found in the Statement on Risk Management and Internal Control of Inari's FY2024 annual report.

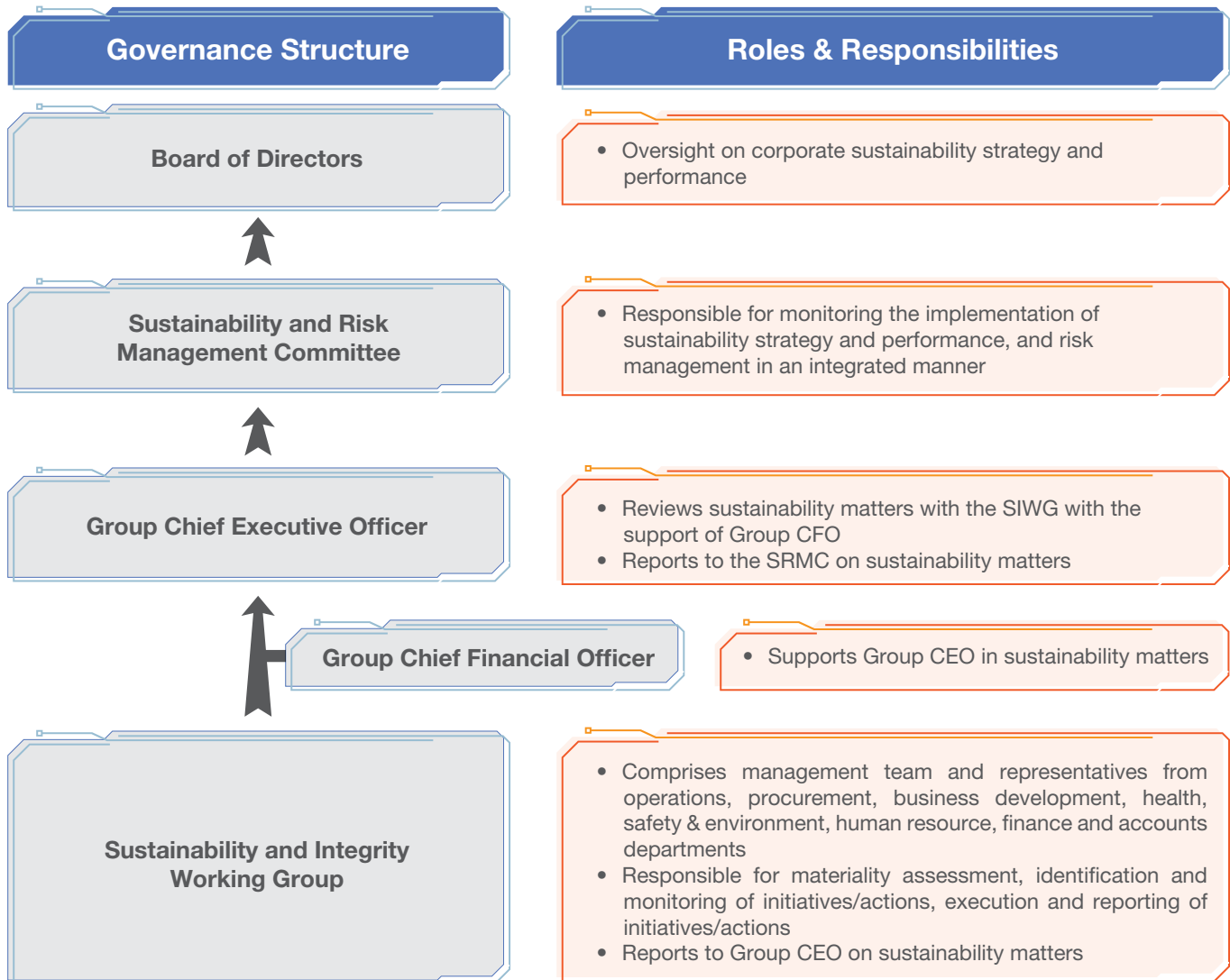
SUSTAINABILITY STATEMENT

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OUR SUSTAINABILITY GOVERNANCE (cont'd)

Setting the Tone from the Top (cont'd)

The diagram below illustrates our sustainability governance structures along with their roles and responsibilities.



As outlined in our Remuneration Policy and Procedures for Directors and Senior Management, the incentives and remuneration for our Directors and senior executives are directly linked to Environmental, Social, and Governance (“ESG”) metrics, including climate change performance. This approach ensures that management is held accountable for meeting the Company’s climate-related goals and integrating sustainability into their strategic objectives. The Group has in place a comprehensive set of Key Performance Indicators (“KPIs”) directly aligned with a range of critical ESG considerations. These KPIs encompass key aspects like climate change, product quality and safety, human rights and labour practices, occupational health and safety, talent cultivation and retention, and strict adherence to regulatory obligations.

To reflect the Group’s commitment in transitioning into a net zero carbon business by year 2050, the Group will introduce carbon emission reduction as new KPI in the near future.

SUSTAINABILITY STATEMENT

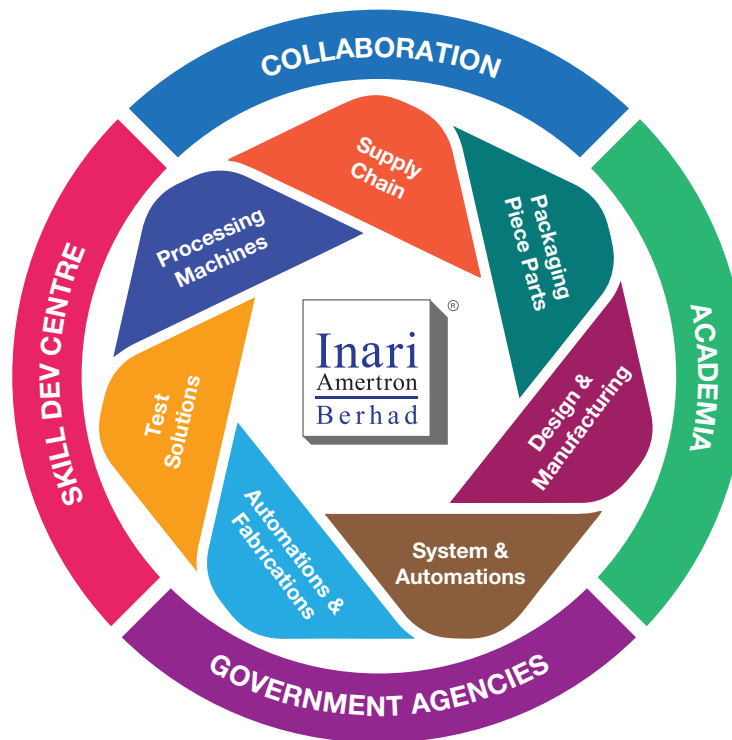
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OUR SUSTAINABILITY POLICY

Our sustainability policy had been established with the following objectives:

- Outline Inari Group's sustainability approach to identify, analyse, evaluate, manage and monitor significant issues concerning sustainability for the Inari Group in the areas of:
 - Economic sustainability;
 - Environmental sustainability;
 - Workplace sustainability;
 - Ethics and integrity.
- Integrate the philosophy of sustainable development into all Inari Group's activities; and
- Provide guidance to management and employees on their roles and responsibilities towards the sustainability goals of Inari Group.

Above all, our Sustainability Policy focus on collaboration with various stakeholders as we believe collaboration is the foundation of success towards sustainable development. The Company can only achieve sustainable growth by optimizing all three factors in the sustainable equation: Profit, People and Planet.



This policy shall be reviewed periodically to ensure that it is always consistent with the business and market environment that Inari Group is operating in. This policy also demonstrate our commitment to the Paris Agreement 2015 and our goal of achieving Net Zero Carbon Emissions by 2050. We are continuously reviewing and refining our policies to strengthen our support for climate change mitigation and ensure alignment with evolving public policies and regulations.

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY STRATEGY

Our sustainability strategy is fortified by our four (4) Sustainability Pillars, namely (i) Economic; (ii) Environment; (iii) Workplace; and (iv) Local Communities. To demonstrate our commitment towards sustainable development, we have integrated each pillar within our business value chain.

ECONOMIC

Inari promises to deliver quality services and products to our customers, uphold good business conduct and ethics and deliver good returns to our shareholders.

Material Sustainability Matters:

- Corporate Governance and Ethics
- Customer Satisfaction
- Innovation
- Supply Chain Management
- Privacy and Data Protection



WORKPLACE

Inari has systems in place to improve workplace wellbeing, respect human right, retain talent and bring untoward incidents at workplace to zero continuously.

Material Sustainability Matters:

- Employee Gender, Diversity and Inclusion
- Employee Development and Talent Retention
- Human and Labour Rights
- Occupational Safety and Health
- Employee Welfare



Inari will continue to advocate green development across all our current and future business operations.

Material Sustainability Matters:

- Energy Usage
- Greenhouse Gas Emissions and Climate Change
- Water Management
- Waste Management
- Product Stewardship



ENVIRONMENT

Inari is committed to improve the wellbeing and living standard of its surrounding communities continuously.

Material Sustainability Matters:

- Local Communities



LOCAL COMMUNITIES

CORPORATE MEMBERSHIP AND ASSOCIATION

Over the years, Inari contributes to the development of economic, environmental and social sustainability matters individually and collectively via business associations. We are a corporate member of the following associations and organisations:

- Clark Investors & Locators Association ("CILA")
- Climate Governance Malaysia ("CGM")
- Federation of Malaysian Manufacturers ("FMM")
- Malaysian Employers Federation ("MEF")
- Malaysia Semiconductor Industry Association ("MSIA")
- Penang Green Council ("PGC")
- Clark Human Resource Council ("CHRC") Philippines
- SEMI Global Industry Association ("SEMI")
- Semiconductor & Electronics Industries in the Philippines, Foundation Inc ("SEIPI")

SUSTAINABILITY STATEMENT

cont'd

CORPORATE MEMBERSHIP AND ASSOCIATION (cont'd)

MSIA, SEMI and SEIPI are industry associations which gather companies involved directly or indirectly in the supply chain of the semiconductor industry. It serves as a platform to develop technology in the semiconductor industry and to advocate and build positive relationships with the government, agencies, and other industry associations (including chambers of commerce).

Since 2021, we became a corporate member of Climate Governance Malaysia, the Malaysian chapter of World Economic Forum's Climate Governance Initiative. Subsequently, we have also enhanced our Sustainability Policy to show our support on the following:

- Paris Agreement 2015's goal to reduce global warming and limit temperature rise to no more than 1.5 degree; and
- Malaysia becoming a carbon-neutral nation by as early as 2050 in line with the 12th Malaysia Plan (2021-2025).

Since 2022, Inari became a listed Task Force on Climate-Related Financial Disclosures ("TCFD") supporter, which can be found online at <https://www.fsb-tcf.org/supporters/>. We believe that the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities. This indicates our commitment to align our disclosures to the TCFD recommendations. This commitment seamlessly aligns with the stringent sustainability disclosure mandates of Bursa Malaysia, showcasing our proactive approach in meeting and exceeding industry standards.

TCFD supporters around the world



Source: <https://www.fsb-tcf.org/>

We strongly believe that our involvement with these memberships will add value in Inari's journey to achieve its economic, environment, social and governance goals and aspirations.

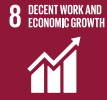









SUSTAINABILITY STATEMENT

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OUR SUSTAINABILITY METRICS AND TARGETS

At Inari, we constantly monitor our performance across our sustainability pillars. To further enforce our commitments, we have aligned our sustainability goals with the UNSDGs. We have identified and selected UNSDGs based on prioritisation of our sustainability initiatives and action plans. Our initiatives include measures to address climate change through adaptation strategies, we are considering strategic investments to enhance our infrastructure resilience, specifically by incorporating climate-resistant building materials, developing comprehensive risk management plans to address potential climate-related disruptions, and implementing water conservation techniques to manage changing precipitation patterns. These measures are designed to minimize the impact of climate change on our operations and ensure the long-term sustainability of our assets and resources. See specific actions taken to address climate change from Page 52 to Page 53 of this Sustainability Statement.



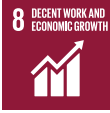



The table below presents the overview of the sustainability goals and targets and our performance for FY2024.

Sustainability Strategy	Sustainability Goals	Performance in FY2024
Economic <ul style="list-style-type: none"> Corporate Governance and Ethics Customer Satisfaction Innovation Supply Chain Management Privacy and Data Protection    	<ul style="list-style-type: none"> Practice good corporate governance and ethics Deliver good returns to our shareholders Meet customers' requirements Deliver quality services and products Zero breaches of privacy and data protection Promote purchases from local suppliers 	<ul style="list-style-type: none"> Zero cases of non-compliance and ethical issue Achieved revenue of RM1,479 million Achieved profit after tax of RM300 million Dividend payout ratio: 96.5% Responded to all queries received from customers Zero cases related to breaches of privacy and data protection Our Group's spending for local suppliers remained uptrend since FY2022
Environment <ul style="list-style-type: none"> Energy Usage Greenhouse Gas Emissions and Climate Change Water Management Waste Management Product Stewardship      	<ul style="list-style-type: none"> Advocate green development to align with the Climate Governance Malaysia target to reduce global warming and the Net ZERO carbon emission by year 2050 Zero non-compliance with local regulatory requirements for wastewater discharge 	<ul style="list-style-type: none"> Minor decrease in energy intensity from FY2023 (0.0000273 GJ/FOU) to FY2024 (0.0000272 GJ/FOU) Minor increase in GHG emissions intensity from FY2023 (0.00501 tCO₂e/FOU) to FY2024 (0.00503 tCO₂e/FOU) due to increase in New Product Introduction ("NPI") activities from new and existing customers. However, the GHG emissions intensity over 5 years remained downtrend since FY2020 (0.00545 tCO₂e/ FOU) Decrease of 13.6% in water intensity 100% compliance with local regulatory requirements for wastewater discharge

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY METRICS AND TARGETS (cont'd)

Sustainability Strategy	Sustainability Goals	Performance in FY2024
Workplace <ul style="list-style-type: none"> Employee Gender, Diversity and Inclusion Employee Development and Talent Retention Human and Labour Rights Occupational Safety and Health Employee Welfare     	<ul style="list-style-type: none"> Conduct employee engagement survey on yearly basis Promote employee gender and diversity Continuous development for every employee 100% completion rate for employee performance review Respect and achieve 100% compliance to human and labour rights Zero workplace injury case 	<ul style="list-style-type: none"> Completed annual employee engagement survey for FY2024 63% of female employees in the global workforce Achieved total of 87,936 training hours with an average of 14 hours per employee 100% of employees received performance reviews Zero cases reported for forced/child labour, discrimination or grievances on human rights 7 minor cases of workplace injuries from operations in Malaysia (6) and Philippines (1)
Local Communities <ul style="list-style-type: none"> Local Communities  	<ul style="list-style-type: none"> Contribute to the wellbeing and living standard of surrounding communities 	<ul style="list-style-type: none"> 718 interns hired in FY2024 with a total of 5,837 interns hired to date Contributed a total of RM167,005 in external CSR initiatives in FY2024 27,805 volunteered hours, contributed by employees on community services

SUSTAINABILITY STATEMENT

cont'd

OUR COMMITMENT TOWARDS CLIMATE CHANGE

We acknowledged and recognised climate change as a relevant long-term risk and/or opportunity to the business, thus, we have set the following short-term and long-term goals to take part in positive change:

Theme	Indicator	Short term target (up to 5 years) - FY2022 actual as base year	Long term target (more than 5 years) - FY2022 actual as base year	Status in FY2024
Climate Change	Percentage reduction target (%) - scope 1 (tCO ₂ e)	-3%	-5%	Achieved
Climate Change	Percentage reduction target (%) - scope 2 (tCO ₂ e)	-2%	-3%	In-Progress
Climate Change	Percentage reduction target (%) - GHG Intensity (tCO ₂ e / FOU)	-2%	-5%	In-Progress
Climate Change	Percentage reduction target (%) - Energy consumption (GJ)	-3%	-5%	In-Progress
Climate Change	Percentage reduction target (%) - Energy Intensity (GJ/ FOU)	-2%	-3%	In-Progress
Water Security	Percentage reduction target (%) - Water consumption (m ³)	-3%	-5%	Achieved
Water Security	Percentage reduction target (%) - Water Intensity (m ³ / FOU)	-5%	-5%	In-Progress
Pollution & Resources	Percentage reduction target (%) - Waste generation (mt)	-3%	-5%	In-Progress
Pollution & Resources	Percentage target (%) - 3R	90%	90%	Achieved
Health & Safety	Percentage reduction target (%) - Number of injury incident	Zero injury	Zero injury	In-Progress

We will reach the goal by working on current and future energy-saving projects, making processes more energy-efficient, cutting down on greenhouse gas emissions, using less water, and improving how we operate to make less waste. We track progress each month and report to senior leaders to ensure we're on track. The actual performance is being measured against the targets set monthly and reported to the Senior Management to strive for achievement. The details of the actual performance are disclosed under the Environment section from Page 78 to Page 99 of this Sustainability Statement.

SUSTAINABILITY STATEMENT

cont'd

CLIMATE CHANGE RISK MANAGEMENT

Climate Change related risks are integrated into the Group's overall risk management, the process of identifying, assessing and managing climate related risks is tabulated as follows:



In FY2024, the following climate related risks have been identified and the corresponding measures that had been taken/ on-going to mitigate its impacts to the operations.

Climate Related Risks	Measures Taken/ On-going
Supply Chain Risk	<ol style="list-style-type: none"> 1. Alternative sources of Suppliers (Facilities/equipment/materials to manage the supply chain issue). 2. Keep buffer stock according to Customers requirement for key raw material. 3. Early communication with Customers on foreseeable delays in delivery due to raw material shortages, Material Planner ("MP") liaises with Customers and Suppliers for recovery plan to minimise the impact. 4. Yearly supplier performance monitoring and review.
Climate Change Risk	<ol style="list-style-type: none"> 1. Salvage reverse osmosis water for toilet flushing and plant water. 2. Available backup water retention in all plant (average retention up to 8 hours) to support basic requirements. 3. Completed cost saving projects for water at all plants and green/self-generated energy. 4. Elevate the ground level of all newly build or purchased building to prevent flood (i.e. ITSB is currently built above the minimum sea level requirement by Council). 5. Emergency Response Preparedness.

LISTENING TO OUR STAKEHOLDERS

Stakeholder Engagement

We understand the significant impact of those with a vested interest in our operations, and therefore, the success of our business is dependent on maintaining strong relationships with our stakeholders. Inari actively engages with our stakeholders through different types of platforms and channels to understand their priorities and expectations of the Group. By keeping lines of communications open, we intend to create meaningful dialogue to address stakeholders' concerns and build their confidence in us.





SUSTAINABILITY STATEMENT

cont'd

LISTENING TO OUR STAKEHOLDERS (cont'd)

Stakeholder Engagement (cont'd)

The table below summarises our key stakeholders, the engagement channels and their sustainability concerns. Through these engagements, there were no significant stakeholders concerns or issues with our operation.




Stakeholder Group	Type of Engagement	Sustainability Concerns	Frequency
Customers 	<ul style="list-style-type: none"> Customer satisfaction surveys Audit on operations Meetings Real-time production status updates 	<ul style="list-style-type: none"> Building of long-term relationships Product quality, timely delivery, productivity and efficiency Product innovation Demonstration of good economic, environmental, social and governance adherence and practices 	<ul style="list-style-type: none"> As and when needed On-going Annually
Employees 	<ul style="list-style-type: none"> Volunteer programmes Hotline Feedback boxes Annual appraisal Townhall meetings Employee surveys 	<ul style="list-style-type: none"> Safe and healthy working environment Ensure law-abiding operation Fair remuneration and compensation packages Diversity and equal opportunity for career advancement Employee development and talent retention Sustainable growth and development of organisation Human rights Work-life balance 	<ul style="list-style-type: none"> As and when needed On-going Annually
Senior Management 	<ul style="list-style-type: none"> Management review Operational review Various communications meetings and sessions 	<ul style="list-style-type: none"> Economic, environmental, social and governance matters Achievement of key performance indicators Human resource management Ethics, integrity and regulatory compliance Anti-corruption and bribery 	<ul style="list-style-type: none"> On-going Monthly Quarterly Annually
Shareholders 	<ul style="list-style-type: none"> Investor briefing Financial results reporting Annual General Meeting Annual reports Corporate website Regular plant visits for further understanding of our operations 	<ul style="list-style-type: none"> Strong and sustainable financial performance Continuous business growth and expansion plans Demonstration of good economic, environmental, social and governance adherence and practices Ensure transparency in financial reporting Timely and accurate announcements and information on Inari's website 	<ul style="list-style-type: none"> As and when needed On-going Quarterly Annually

SUSTAINABILITY STATEMENT

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LISTENING TO OUR STAKEHOLDERS (cont'd)

Stakeholder Engagement (cont'd)

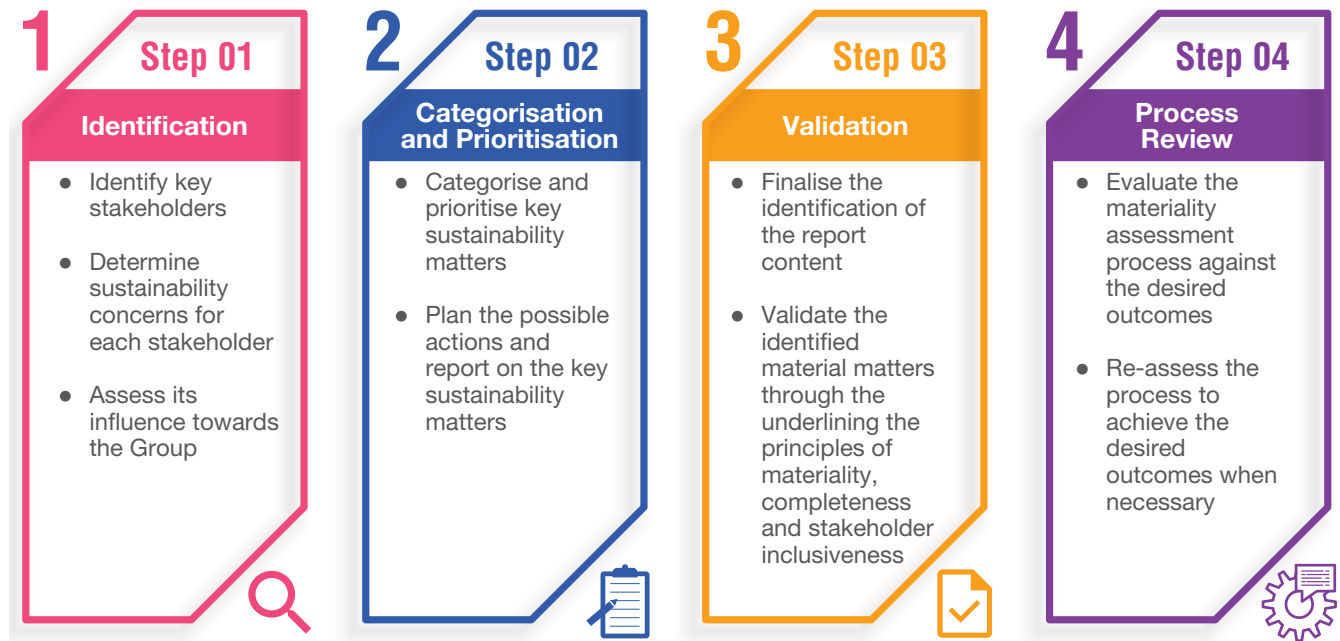
Stakeholder Group	Type of Engagement	Sustainability Concerns	Frequency
Suppliers/Business Partners 	<ul style="list-style-type: none"> Supplier selection via pre-qualification and registration Regular supplier performance evaluation Due Diligence 	<ul style="list-style-type: none"> Strategic partnerships Fair tender practices Ethics, integrity and regulatory compliance Environment, health and safety governance matters Social governance matters including human rights, child rights, non-harassment, non-discrimination, compliance with local laws on minimum wages and working hours and etc. 	<ul style="list-style-type: none"> As and when needed On-going Annually
Regulators 	<ul style="list-style-type: none"> Participation in programmes organised by regulatory bodies Engaging in dialogues with regulators Participation in industry and government interest groups Regular plant visits 	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Good corporate governance practices 	<ul style="list-style-type: none"> As and when needed On-going
Local Communities 	<ul style="list-style-type: none"> Volunteering programmes Engagement and participation in community and corporate social responsibility ("CSR") events 	<ul style="list-style-type: none"> Financial and non-financial contributions to local communities Good corporate citizenship 	<ul style="list-style-type: none"> As and when needed On-going

SUSTAINABILITY STATEMENT

cont'd

MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and assess key risks and opportunities to ensure long-term sustainable growth. The assessment involves evaluating the significance of each sustainability issue based on its level of impact and influence on the Group. There are various factors taken into consideration including current economic, environmental, social and governance trends both locally and globally. The illustration below summarises our materiality assessment process.



The materiality assessment process generates the materiality matrix, a visual representation of the Group's priorities. Each material sustainability matter reflects the concerns and interests of our stakeholder groups as well as its significance to the Group's business operations.

We undertook a comprehensive materiality assessment in FY2023 to evaluate the significance of key identified sustainability matters to our Group and to our stakeholders. Our approach encompassed gathering insights from both internal and external stakeholders. This involved engaging with our customers, community, government agencies, investors, suppliers and employees. The inputs gathered were tabulated and plotted on a materiality matrix to illustrate the importance of each material sustainability matter based on the importance to our Group and importance to our stakeholders.

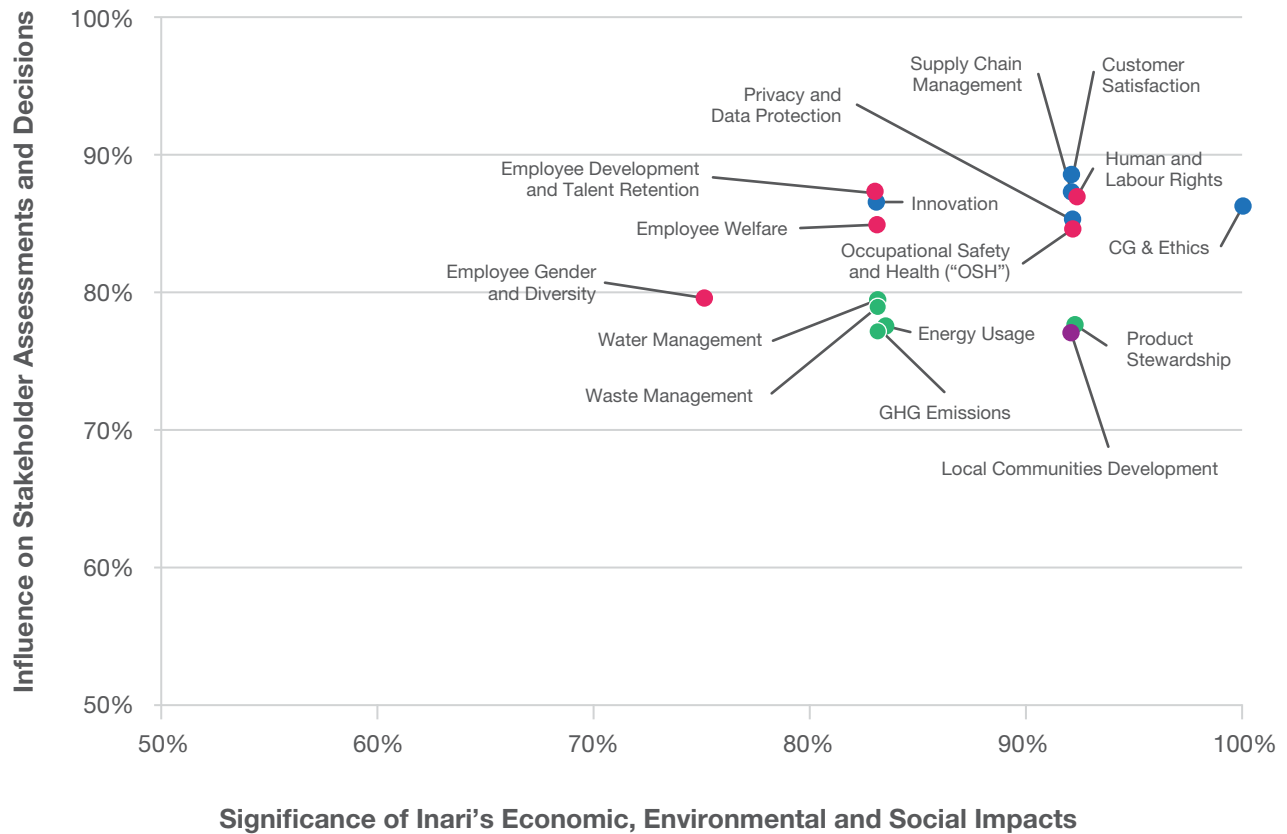
SUSTAINABILITY STATEMENT

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MATERIALITY ASSESSMENT (cont'd)

In FY2024, we reviewed and concluded that the materiality assessment conducted in FY2023 remains valid and vital to us to manage, report and communicate in this Statement.

Materiality Matrix



Legend:

- Economic
- Environment
- Workplace
- Local Communities

SUSTAINABILITY STATEMENT

cont'd

MATERIALITY ASSESSMENT (cont'd)

Material Sustainability Matter	Description
Economic	
Corporate Governance (“CG”) and Ethics	Ensuring compliance with regulatory requirements and corporate values that are translated into internal controls, processes or guidelines to ensure that the business is conducted in an ethical and responsible manner
Customer Satisfaction	Creating positive customer experience through quality products and services to ensure satisfaction
Innovation	Developing innovative solutions through collaborative efforts to synergise technologies, skills and other strengths for common benefits
Supply Chain Management	Managing our relationships with suppliers through fair procurement practices and ensuring they comply with the supplier code of conduct that include economic, environmental, social and governance requirements and responsibilities
Privacy and Data Protection	Protecting private information for our suppliers, employees and customers through robust internal cybersecurity controls
Environment	
Energy Usage	Efforts to improve energy consumption efficiency to mitigate the impact on climate change, amongst others
Greenhouse Gas (“GHG”) Emissions and Climate Change	Implementing internal controls to better manage our carbon footprint
Water Management	Efforts to improve water consumption efficiency to mitigate the impact on climate change, amongst others
Waste Management	Efforts to decrease the generation of waste and to prevent waste from being directed to landfill
Product Stewardship	Efforts to ensure products are safe throughout its lifecycle including proper management of our hazardous waste
Workplace	
Employee Gender, Diversity and Inclusion	Embracing and promoting gender diversity and fostering an inclusive work environment
Employee Development and Talent Retention	Making efforts to retain employees and develop their capabilities through various training programmes
Human and Labour Rights	Protecting human and labour rights of our employees and addressing grievances accordingly
Occupational Safety and Health (“OSH”)	Safeguarding the health and safety of our employees with robust internal controls and standard operating procedures. Tracking and monitoring of incidents and developing corrective actions to address them
Employee Welfare	Looking after the wellbeing of our employees through various employee engagement activities and employee survey
Local Communities	
Local Communities	Improving the wellbeing and living standard of its surrounding communities through various CSR programmes for the underserved. Hiring locally where possible to support the local economy and communities

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - *Better Results from Better Practices*

CORPORATE GOVERNANCE AND ETHICS

Code of Business Conduct and Ethics

Inari fully recognises that good corporate culture will help employees comprehend and apply the Group's mission/vision and beliefs clearly alongside policies established within their day-to-day work. Hence, the Board of Directors has established and adopted the Code of Business Conduct and Ethics ("Code") for directors and employees which reflects the Board's commitment to maintaining the highest standard of ethical conduct and practices expected from the directors and employees of the Group.

The Code defines our high expectation of every employee to carry out good business practice and high personal conduct, with strict adherence to local laws and regulations. The Code also states explicitly that all forms of insider information and securities trading, bribery and corruption are prohibited. The Code also forbids employees and directors from offering and accepting gifts, benefits or entertainment from third parties which may create a sense of obligation, compromise their professional judgment or create an appearance of doing so.

We continue to communicate and institutionalise the Code to all directors and employees to ensure they uphold and are aligned with our ethical standards. Each employee will receive a copy of the Code which forms an integral part of the terms and conditions of employment. Annually, all directors and employees are required to make declarations to observe strictly and apply the provisions encapsulated within the Code.

In addition, all employees (except trainees and direct labour) are required to complete the Declaration of Conflict-of-Interest Form to declare any form of relationship that may exist between themselves or their family members with any organisations, projects, contracts or business dealings involving the Group. Similarly, declarations by all directors are required by completing the Conflict-of-Interest and Related Party Transactions Form on an annual basis and/or on needs basis to avoid or mitigate the risk of conflicting interests.

In FY2024, we did not record any cases of non-compliance and breach of ethical issues.

Anti-Corruption and Bribery Policy

Inari Group's businesses and operations are governed under an anti-bribery management system developed in conjunction with the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect on 1 June 2020. The system adopts a risk-based management approach and is supported by adequate procedures incorporating top-level commitment, corruption risk assessments, risk-based management measures, monitoring, review and reporting processes, and adequate communication and training with relevant stakeholders to enable the implementation of our group-wide Anti-Corruption and Bribery Policy.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)

CORPORATE GOVERNANCE AND ETHICS (cont'd)

Anti-Corruption and Bribery Policy (cont'd)

The total number and percentage (%) of employees who have received training on anti-corruption by employee category are tabulated as follows:

Employees who have received training on anti-corruption by employee category	Unit	FY2022*	FY2023*	FY2024
Malaysia				
Manager and above	Number	82	82	91
Executive	Number	452	511	536
Non-executive	Number	2,855	3,636	3,553
Philippines				
Manager and above	Number	31	33	37
Executive	Number	28	34	44
Non-executive	Number	1,575	1,664	1,702
China				
Manager and above	Number	14	14	13
Executive	Number	21	19	20
Non-executive	Number	92	78	251

* Restated due to scope adjustments.

Employees who have received training on anti-corruption by employee category	Unit	FY2022	FY2023	FY2024
Malaysia				
Manager and above	%	100.0	100.0	100.0
Executive	%	100.0	100.0	100.0
Non-executive	%	100.0	100.0	100.0
Philippines				
Manager and above	%	100.0	100.0	100.0
Executive	%	100.0	100.0	100.0
Non-executive	%	100.0	100.0	100.0
China				
Manager and above	%	100.0	100.0	100.0
Executive	%	100.0	100.0	100.0
Non-executive	%	18.3	31.2	100.0

Our Anti-Corruption and Bribery Policy clearly states that Inari has zero-tolerance towards corruption and bribery. We strictly prohibit any of our directors, employees and associated third parties (which may include but not limited to suppliers, contractors, agents, consultants, outsourced personnel, distributors, advisors, government and public bodies including advisors, representatives and officials) from taking part in any form of corruption, bribery, extortion, embezzlement or any kind of money laundering activities.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)**CORPORATE GOVERNANCE AND ETHICS** (cont'd)**Anti-Corruption and Bribery Policy** (cont'd)

Our Policy is approved and governed by our Board of Directors on the ethical framework, adequacy and integrity of the internal controls system in ensuring overall ethical health and compliance level with professional and ethical standards in managing risks of corruption, bribery and money laundering. The Policy covers salient areas pertaining to corruption and bribery such as gifts, entertainment, donations, and sponsorships. The Policy also necessitates strict adherence by all parties across the supply chain. Annually, we will review the Policy's relevance based on the latest regulations and requirements.

All parties, who are subject to our Anti-Corruption and Bribery Policy, are required to complete the Corporate Social Responsibility, Donation and Sponsorship Form which includes a due diligence questionnaire, and obtain approval from the relevant approving authority if they intend to provide or receive any sponsorships, donations and contribution to charity or social projects on behalf of our Company.

At Inari, we do not make charitable donations or contributions to political parties. Although employees and associated third parties acting in their personal capacity are not restricted to making any personal political donations, Inari will not make any reimbursement for these personal political contributions.

Regular Corruption Risk Management ("CRM") assessment has been carried out across the Group based on the present and potential corruption risk. The assessment process considered the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to mitigate the corruption risk. Various enhancements to the current anti-corruption system, policies and procedures have been further adopted including the development and establishment of Group Corruption Risk Management Framework and Corporate Liability and Sustainability Reporting Handbook.

Percentage of operations assessed for corruption-related risks	Percentage (%)
FY2022	100
FY2023	100
FY2024	100

For FY2024, there were no reported incidents of corruption or breaches against our Anti-Corruption and Bribery Policy.

Total number of confirmed incidents of corruption	Unit	FY2022	FY2023	FY2024
Malaysia	Number	0	0	0
Philippines	Number	0	0	0
China	Number	0	0	0

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)

CORPORATE GOVERNANCE AND ETHICS (cont'd)

Whistleblowing Policy and Procedures



“ We encourage employees to come forward and voice their concerns and report any misconduct occurring in the organisation. We view whistleblowing as a positive act that can make a valuable contribution to the Group's efficiency and long-term success. ”

Inari has put in place a Whistleblowing Policy and Procedures to promote high standards of ethical conduct and has established proper channels for whistleblowing.

This Policy outlines the various reporting channels to provide directors, employees, shareholders, suppliers, customers and other stakeholders who have a business relationship with Inari an avenue to report suspected wrongdoings, unethical behaviours or workplace grievances that may cause adverse impact to the Group. The types of reportable concerns and misconducts that can be reported through whistleblowing channel and mechanism include but are not limited to corruption and bribery, breach of the provisions in the Group's Code of Business Conduct and Ethics.

The whistleblowing reporting channels include making a report directly to the employees' immediate superior or to the designated officers, up to the Audit Committee Chairman. A report can be made verbally, written via email or via the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures. Alternately, employees may make a report via a whistleblowing hotline that is managed by an independent third party.

The Group treats all reports in a confidential manner and at the same time, the whistleblower shall be accorded protection of confidentiality of identity to the extent reasonably practicable, and protection against any adverse and detrimental actions and retaliations of all forms. In FY2024, no non-compliance and breaches of ethical issues were reported through the whistleblowing channels.

Our policies and procedures namely the Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures are made available on our Company's website at www.inari-amertron.com.

Corporate Governance and Compliance

Inari is committed to the principles and best practices of corporate governance as laid out in the Bursa Malaysia Listing Requirements and MCGG. We ensure that the standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long-term shareholders' value and returns to our stakeholders. Details of our corporate governance framework and practices are presented in the Corporate Governance Overview Statement on pages 145 to 162 of this Annual Report as well as Corporate Governance Report which is available on the website of Bursa Malaysia.

Tax Governance

Taxation is important for Inari and for our stakeholders - therefore we actively monitor and manage our Group tax matters. We formulate our tax strategy based on the local tax regulatory requirements in the countries where we operate including Malaysia, Philippines and China. Our tax strategy is incorporated into audited financial statements which are audited by external auditors and approved by the Board of Directors with recommendation from Audit Committee.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)**CUSTOMER SATISFACTION**

Customer satisfaction is integral to the longevity of our business. We strive to understand and meet our customer's evolving expectations in delivering quality products continuously. We adopt a customer focused approach where any requests, concerns, or dissatisfaction are handled with close attention, urgency and confidentiality. We engage with our customers at every stage - from design and manufacturing to delivery to ensure tailored care when providing them with our services. Only by achieving consistent satisfaction from our customers, will we be able to build a trustful relationship.

Aside from regular meetings with customers, we respond to customer queries through the establishment of a systematic review process which is carried out periodically based on the working level and functions involved. For all gaps identified we ensure that the appropriate action items are set out to resolve these concerns.

To ensure we maintain quality within our products and services, we are guided by our Quality Policy that enables us to achieve our quality objectives and re-affirm our commitment to excellence. The below summarises the tenets of our Quality Policy:

- Maintain the application of Quality Management System ("QMS") based on ISO 9001:2015 QMS model in general
- Improve our QMS effectiveness continuously while maintaining the performance of our products
- Produce safe and useful products that comply with applicable statutory and regulatory requirements as well as customers' requirements and specifications
- Enhance the efficiency of manufacturing processes through elimination of wastage and reduction of process variances
- Deliver timely products and services, and consistently with zero defects
- Inculcate a mindset across our processing chain that quality is the responsibility of all and require their total involvement and commitment

We actively participate in international conventions, exhibitions, conferences to network and explore business opportunities with potential customers. These engagements not only allow us to connect with industry leaders but also keep us informed about the latest technologies, regulations, trends and market demands. By staying current, we are able to continuously refine our processes and enhance our products and services, ensuring we remain at the forefront of the industry.



Launching of SEMICON SEA 2024



Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") Northern Region Governance Talk

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - *Better Results from Better Practices* (cont'd)

CUSTOMER SATISFACTION (cont'd)

Branding and Reputation

By building a strong brand reputation, we are able to gain trust with existing and new potential customers which in turn drives revenue and our bottom-line growth. Our brand reputation reflects our core values and strengthens confidence in our products and services. Through relentless effort, we strive to maintain an outstanding OSAT provider and to be best-of-class in our industry.

The quality of our products and services can be proven by the numerous awards we have received over the years. They are testaments to our hard work and effort in delivering quality, technological solutions and operational excellence.

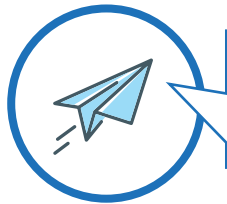
In addition, we received an ESG award under the technology sector from The Edge ESG 2023 in recognition of our commitment to sustainability. This recognition not only motivates our team to excel further but also reinforces our dedication to continuous improvement. We are determined to build on this success and achieve even greater milestones in the coming years.

Below lists the awards presented to our business in recognising Inari's efforts and achievements.

- The Edge Billion Ringgit Club Awards 2024 - Highest Growth in Profit After Tax over Three Years
- Osram's Supplier Appreciation Awards 2024
- TalentCorp MySip Appreciation Award 2023 – Top 5 highest number of internships offered
- Malaysia SMART Manufacturing Award 2023 – Industry 4.0 Pillars Category (Best in System Integration)
- The Edge ESG 2023 – Silver Award (Technology Sector)
- INTI International University and College Star Partner Award – Gold
- Osram's Supplier Achievement Awards 2023
- Binary University of Management & Entrepreneurship Certificate of Leadership Excellence
- Bureau of Customs Port of Clark International Airport Plaque of Recognition – Top 5 Exporter for Year 2022
- Employees' Provident Fund, Georgetown, Penang – Recognition of Best Employer 2022
- The Edge Billion Ringgit Club Awards 2022 – Highest Returns to Shareholders over Three Years
- Osram's Supplier Achievement Awards 2022
- Recognition from the Institution of Engineers Malaysia for contribution in the Engineering Industry (Materials and Production) 2022
- All Executive Team 2019 - ASEAN Most Honoured Companies and Special Achievement Award for CEO and CFO organised by Investor Relations Professionals Association Singapore ("IRPAS")
- Industry Excellence Platinum Award 2019 organised by The Institution of Engineering and Technology ("IET") Malaysia Network
- Asiamoney Awards 2019 for The Most Outstanding Company in Malaysia - Semiconductor & Semiconductor Equipment Sector
- Financial Times FT1000 High-Growth Companies Asia Pacific 2018
- Broadcom's Strong Partnership & Excellent Shipment Support for 2018
- MIRA Best CEO for Investor Relations (Mid Cap) 2018
- The Edge Billion Ringgit Club Awards 2018 - Highest Return on Equity Over Three Years and Highest Growth in Profit After Tax Over Three Years;
- The Edge Billion Ringgit Club Awards 2016 - High Returns to Shareholders Over Three Years
- Broadcom's Best Supplier Award (Best Contract Manufacturers) for 2010, 2015 and 2017
- Forbes Asia 200 Best Under A Billion Company Award for 2014, 2015 and 2016
- Best Brands Blue Chip Award 2013 (Electronics Manufacturing) by the Brand Laureate SMEs

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)**CUSTOMER SATISFACTION** (cont'd)**Branding and Reputation** (cont'd)**INNOVATION**

“ Think ahead and always stay relevant to the needs of our customers. ”

Given the rapid pace of technological change in today's connected and digitalised world, aligning research and development goals to market opportunities is key to growing our business. We place importance on continuous improvement across our organisation and its value chain as we aim to strengthen our competitive advantage and stay ahead of our competitors. As such, innovation is woven deeply into our corporate culture, our people as well as the products and solutions we offer – a testament to innovation being placed at the center of everything we do. We ensure process efficiency and meet both market and customers' demand.

Process Innovation and Industry 4.0

Presently, the world is witnessing how the new industrial revolution is advancing the manufacturing industry with the focus on interconnectivity, automation, machine learning and real-time data acquisition and processing. Companies are integrating and enabling technologies, including those of Internet of Things (“IoT”), cloud computing & analytics, and artificial intelligence & machine learning into production facilities and throughout their operations. Being one of the top industry players, Inari has embarked on this journey since 2017.

To ensure we are driving innovation continuously, our operations are guided by our six (6) Technology Advancement pillars, which comprise:

- (i) Machine Data;
- (ii) Operation Platform;
- (iii) Big Data;
- (iv) Analytics and Cognitive;
- (v) Infrastructure; and
- (vi) Visualisation.

SUSTAINABILITY STATEMENT

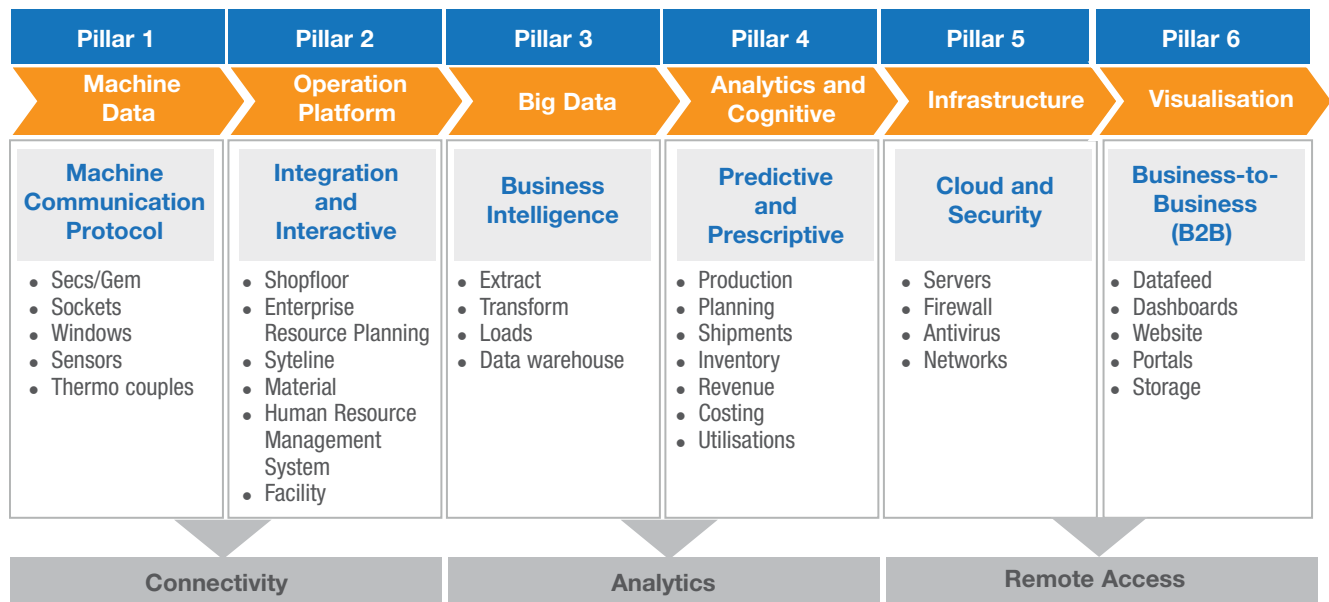
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ECONOMIC - Better Results from Better Practices (cont'd)

INNOVATION (cont'd)

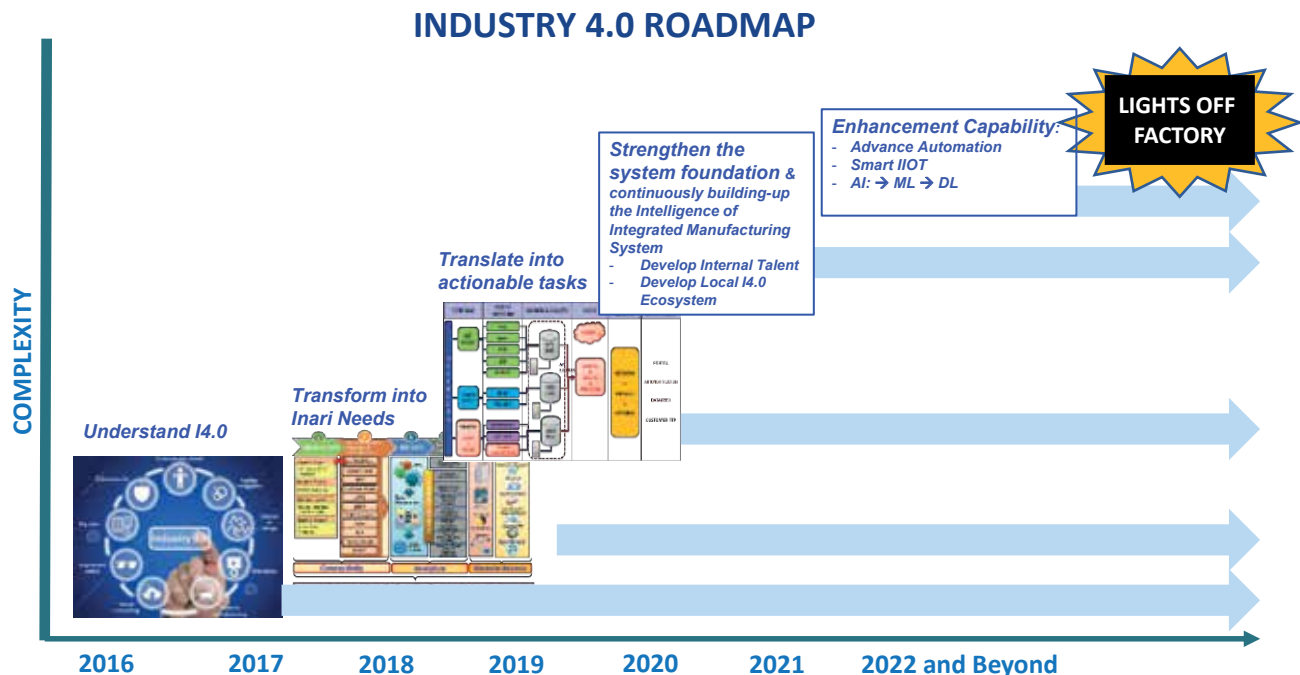
Process Innovation and Industry 4.0 (cont'd)

Inari's Technology Advancement Pillars



Operational Excellence through Innovation

Our Industry 4.0 Roadmap towards lights off factory is illustrated as below:



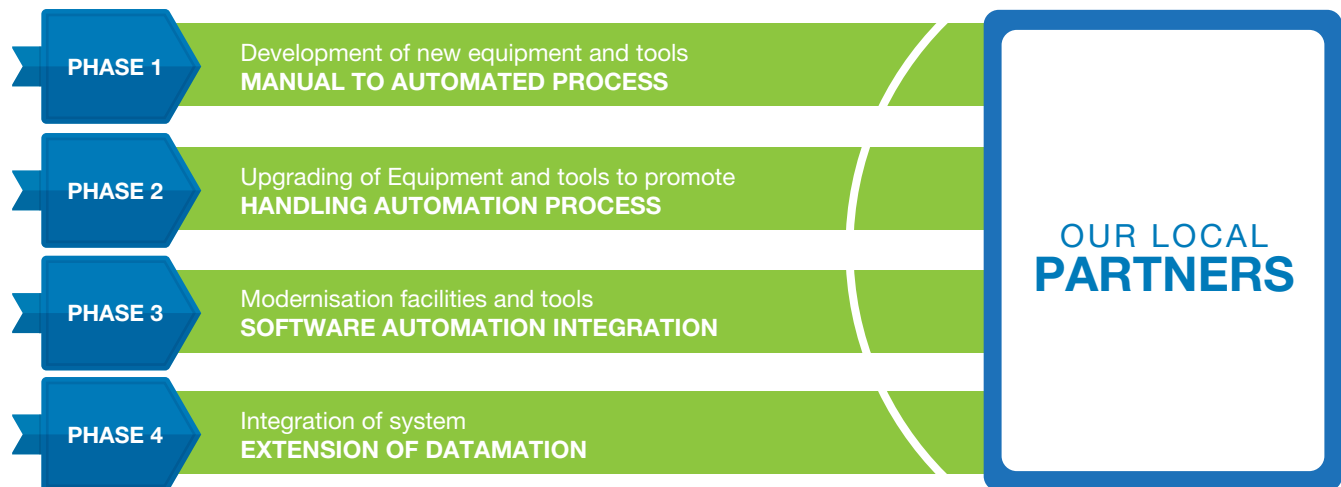
SUSTAINABILITY STATEMENT

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ECONOMIC - Better Results from Better Practices (cont'd)**INNOVATION** (cont'd)**Operational Excellence through Innovation** (cont'd)

To support our Industry 4.0 Roadmap, Inari actively collaborates with local partners to synergise technologies, skills, competitive advantages and strengths by meeting common goals. We work closely with several local vision automation houses, equipment & system automation providers, original equipment manufacturers ("OEM") and sensor & related solution providers.

We have developed an Automation Strategy to guide the Group on the customised processes to achieve higher throughput, productivity and quality. The diagram below presents a summary of our automation strategy with our local partners.



In addition, we have developed the Inari Manufacturing Execution System ("iMES") to strengthen our real-time operations tracking and triggering. The iMES connectivity allows fully integrated operations at all levels of the operational teams to prepare, run and control the high-volume manufacturing operations in a lean and efficient manner for all circumstances of order fulfilment. The diagram below summarises Inari's in-house developed iMES process for implementation of Industry 4.0.

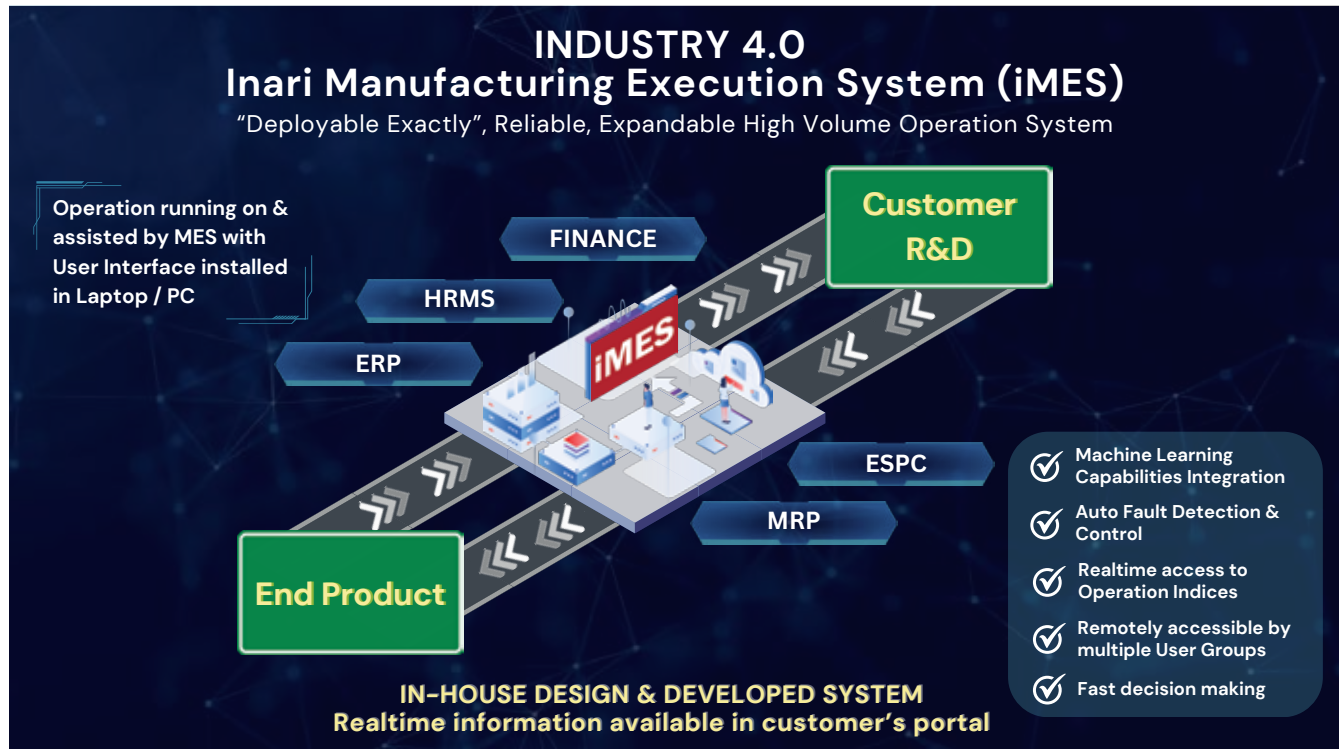
SUSTAINABILITY STATEMENT

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ECONOMIC - Better Results from Better Practices (cont'd)

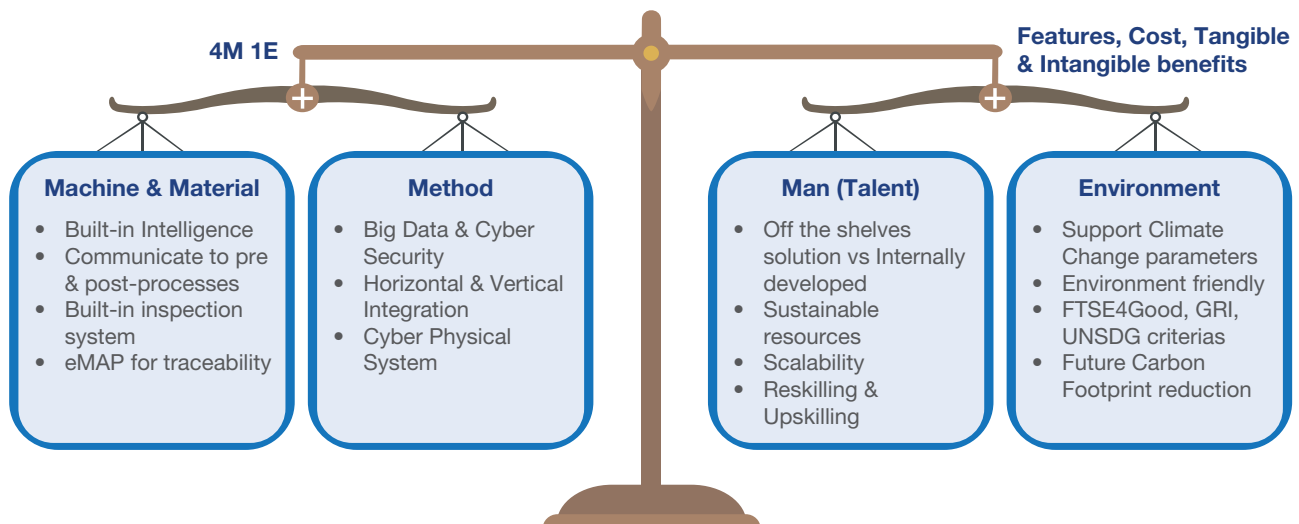
INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)



We aim to strike a harmonious balance between integrating new technologies, fostering internal talent growth, and upholding environmental sustainability to ensure holistic organisational advancement, resilience, and responsible progress.

The "Balancing-Act" for Technology Adoption



SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)**INNOVATION** (cont'd)**Operational Excellence through Innovation** (cont'd)

We've crafted a range of Internal Industry 4.0 Initiatives, to drive transformative progress within our operations as below:



Automation system to extract machine and system data for quicker information access, preventative maintenance, pre-defined decision-making, and process optimization

- **e-PM (e-Preventive Maintenance) system** stores information on equipment maintenance operations. This significantly improves work processes, forward analysis, operations and maintenance costs
- **Smart Equipment System** connects with all our testers and handlers for real-time machine status updates, site-by-site yield performance monitoring and analysis, analytics on hardware performance according to site
- **Advanced Recipe Management System** guarantees the correct programs, recipes, hardware and configurations are loaded and executed



Machine-to-machine communication that allows testers to communicate directly with handlers gears toward adding value to production by improving efficiency and accuracy and reducing operational costs

- **Universal Tester UI** acts as standard smart user interface with testers to fully automate set-ups with a one-time lot bar code scanning, real-time yield, site yield and bin yield monitoring, and direct communication to handlers for real-time data processing



Smart manufacturing technology that aims to improve production processes by moving away from traditional methods toward automated and digitized systems

- **eChecklist system** uses paperless approach to automate and standardize all checklist submission, validation and approval management.
- **TCR system** impacts on production process efficiency with hardware inventories management that enables hardware tracking, transactional event logging and hardware set up validation.

In addition to internal initiatives and commitments, Inari collaborates with external parties such as system integrators, equipment suppliers, academia and government agencies through knowledge sharing. The list below presents some of the initiatives conducted by Inari showcasing our efforts to improve the manufacturing industry landscape as at FY2024.

Date	Initiatives/Events
July 2023	■ MAPUA University (Philippines) - Students visit under Digitalisation and Operation Excellence
	■ JohorCorp (Johor State Government) - Delegations visit on Semiconductor Ecosystem set-up to be duplicated in Johor
	■ SMK Bandar Permai Indah (Prai) - Students visit for STEM, innovation and digitalisation presentation

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Date	Initiatives/Events
August 2023	<ul style="list-style-type: none"> ■ Visit by Government Senior Officers under Premier Grade in Public Sector (JUSA) - Presentation to new JUSA holders for Digital Governance in Public Sector Program ■ Received Certification for National Dual Training Scheme (SLDN) from Ministry of Economy ("MoE") and Ministry of Human Resources ("MoHR") for Industrial High Skill Growth, for structured internships programs with PSDC ■ Visit by Penang School Counselors by Penang Science Cluster - Presentation on Career Growth in STEM ■ MITI program - Participated with semiconductor industry to give input for the formation of National Industrial Master Plan 2030 ("NIMP 2030") ■ Penang Future Foundation, students visit - Presentation on Manufacturing Excellence and Innovations ■ Yayasan Telekom Malaysia - On-line presentation on Industry 4.0 awareness to TM University students
September 2023	<ul style="list-style-type: none"> ■ Malaysian Productivity Corporation ("MPC") and Indonesia Quality Productivity Corporation ("IQPC") - Forum panelist and presentation on Innovation in Quality ■ Member of Technology & Innovation Pitching Committee under Northern Corridor Implementation Authority ("NCIA") - Evaluation and selection of SMEs for grant applicants under Innovation and Growth
October 2023	<ul style="list-style-type: none"> ■ Forum Panelist for Indo Pacific Economic Forum ("IPEF") - Opportunities and Challenges for Integrated supply chains ■ Universities from Netherland, student visit - Presentation on Innovations and manufacturing excellence in semiconductor industry
November 2023	<ul style="list-style-type: none"> ■ University Utara Malaysia Perlis ("UniMap") visit- Presentation on Innovation, digitalisation and operation ■ Forum moderator for International Semiconductor Executive Summit ("ISES") - Talents Challenges in Southeast Asia region ■ Visit from Australian International Students, University of Queensland with UniMap - Presentation on Innovation, digitalisation and operational excellence ■ Presentation to Tech-Talk-Over-Coffee forum under SEMI SEA - Navigating Semiconductor Industry; Challenges and Opportunities for Young Engineers
December 2023	<ul style="list-style-type: none"> ■ University Sumatera Utara Indonesia - Students visit - Presentation on Innovations and operations ■ SME Tech Summit by PSDC - Forum panelist - Empowering SME for Sustainability Growth
January 2024	<ul style="list-style-type: none"> ■ University Sains Malaysia ("USM") Engineering Campus - Student visit - Presentation on Career Opportunity and Innovation in Semiconductor Industry ■ INTI International College - Students visit - Presentation on Manufacturing Excellence and Digitalisation
February 2024	<ul style="list-style-type: none"> ■ Vocational School Alor Setar - Student visit - Presentation on Career Growth and Opportunities in Semiconductor Industries ■ Convention on BHR-ESG by MITI and Matrade - Presentation on Inari Sustainability and Compliance: Identification and Reporting

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Date	Initiatives/Events
March 2024	■ IEEE Conference - Presentation on Global Semiconductor Landscape; Challenges and Opportunities
	■ SME Conference by Malaysian Semiconductor Industry Association - Presentation on SME Value Chain, Growth and Support
	■ Future Skill Talent Council by TalentCorp and Kesuma - Elected as Council Chairman
	■ Politeknik Sultan Mizan, Pahang - Student visit - Presentation on Operational Excellence and Opportunities in Semiconductor Industry
	■ Tunku Abdul Rahman University ("TAR University") - Student visit - Presentation on Innovation and Digital Technology
April 2024	■ Adtech Taiping (Polytechnic) - Consultation to Lecturers on organisation re-branding from Adtech-Taiping to Adtech-Semiconductor
	■ Academy in Industry ("ADI") by MPC - Forum panelist on Opportunities for TVET students by Industries
May 2024	■ Exploration visit by MITI Ministry and Government Agencies - Presentation on Shifting up the Value Chain for OSAT Segment
	■ Visit by Bandar Tasek Mutiara School under PSDC - Presentation on Opportunities in STEM
	■ Seminar by Academy Science Malaysia ("ASM") and NCIA - Presentation on Advanced Packaging for OSAT
	■ Junior Chamber International Society ("JCI") - Delegations visit - Presentation on the Semiconductor Growth and Opportunities through Innovations
June 2024	■ INTI International College - Students visit - Presentation on Final Year Project to student under the program of Bridging the Gap Between University Curriculum and Industry Needs
	■ DRB Hicom University and Public Services Department visit - Presentation on Innovation Strategies



Future Skills Talent Council Meeting



Industrial visits by students from University Sains Malaysia

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)

SUPPLY CHAIN MANAGEMENT

Supply chain management is an essential part of business success. As a responsible corporation, it is our duty to manage our overall operations in a sustainable manner. At Inari, we actively engage our suppliers to minimise any risks of non-compliance related to human rights, labour standards and environmental management across all our business value chain. We are cognizant that our operational performance of our supply chain will impact customer's perception towards the business. Thus, we are highly committed to providing ethical products and services to our customers and at the same time supporting our suppliers and their employees.

Internally, we design our procurement processes to select and retain suppliers through a non-discriminatory bidding and tendering process. With our international footprint and market presence, our procurement processes are required to comply with relevant laws and regulations in the different jurisdictions that we operate to reflect our on-going commitment to sustainable procurement practices.

Supplier Code of Conduct

We aim to establish a mutually beneficial relationships with our suppliers. The below summaries the waterfall effect to our local partners/suppliers with our Industrial 4.0 Roadmap:



In addition, we developed our Supplier Code of Conduct ("SCOC") as part of our standard terms and conditions to ensure our requirements are communicated and made clear to our suppliers. Our SCOC is also translated into relevant languages and is communicated globally to all our suppliers. Our environmental, social, and corporate governance standards contained within the SCOC are outlined below, which makes reference to the Responsible Business Alliance Code of Conduct, GRI Standards, United Nations Global Compact Initiative, United Declaration of Human Rights, and International Labour Organisation Conventions.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)**SUPPLY CHAIN MANAGEMENT** (cont'd)**Supplier Code of Conduct** (cont'd)

Environment	Social	Governance
<ul style="list-style-type: none"> ■ Comply with all local and international regulations on environmental, health and safety matters. ■ Use resources efficiently, apply energy and water-efficient environmentally friendly technologies and reduce waste as well as gas emissions. ■ Adopt appropriate management systems to ensure product quality and safety meet the applicable requirements. ■ Minimise the negative impact on biodiversity, climate change, pollution and water scarcity. ■ Identify the potential safety and health issues and minimise their impact by implementing occupational safety and health procedure (including emergency reporting, employee notification and evacuation procedures, employees training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans). 	<ul style="list-style-type: none"> ■ Respect personal dignity, privacy and rights of each individual. ■ Support the protection of human rights and prohibit any forced labour and child labour. ■ Uphold the freedom of association and the right to collective bargaining. ■ Provide a workplace free of harassment, harsh and inhumane treatment and discrimination of any kind. ■ Ensure the employees are fairly compensated, comply with local laws on minimum wages and working hours. ■ Enable all of the stakeholders to report concerns or potentially unlawful practices at the workplace via our whistleblowing channel. 	<ul style="list-style-type: none"> ■ Abide by all applicable local and international trade laws and regulations. ■ Consider business integrity as the basis of business relationships. ■ Prohibit all types of bribery, corruption and money laundering. ■ Endeavour to deal fairly and should not take unfair advantage of anyone through the manipulation, concealment, abuse of privileged information, misrepresentation of a material fact or any other unfair business practices. ■ Declare any potential or actual conflicts of interest. ■ Respect the privacy and confidentiality of information of all the employees and business partners as well as protect data and intellectual property from misuse.

In addition to the SCOC, we expect continuous improvement from our suppliers in terms of economic, environmental, social, and corporate governance performance. To ensure commitment from our suppliers, we have prepared a Supplier Declaration Form ("SDF") reflecting our principles of which all suppliers are requested to sign. The intention of this SDF is to increase awareness and improve transparency, economic, environmental and social corporate governance adherence and integrity of Inari's supply chain.

Responsible Resource Management

In line with our commitment to sustainability and responsible resource management, we provide a disclosure of the raw materials used in our operations over the past three years. This information is crucial for assessing our impact on natural resources and guiding our efforts to reduce pollution and optimize resource efficiency. Our disclosures below are organised into two types, namely direct materials and indirect materials.

Site	Unit	FY2022		FY2023		FY2024	
		Direct Materials	Indirect Materials	Direct Materials	Indirect Materials	Direct Materials	Indirect Materials
Malaysia	Tonne	11.24	25.21	8.82	23.40	9.84	25.15
Philippines	Tonne	220.00	247.00	197.50	204.00	171.00	170.00
China	Tonne	113.38	8.95	66.77	5.28	80.10	4.01

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - *Better Results from Better Practices* (cont'd)

SUPPLY CHAIN MANAGEMENT (cont'd)

Conflict-Free Minerals Policy

We have established a Conflict-Free Mineral Policy to ensure that material defined as conflict minerals do not directly or indirectly finance or benefit the armed groups in the Democratic Republic of the Congo, or any adjoining countries while continuing to support responsible mineral sourcing in the region.

Inari has defined its Conflict Minerals Due Diligence Programme as aligned with the framework of “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area” promulgated by the Organisation for Economic Cooperation and Development. Inari has also evaluated its internal controls for conflict minerals and encourage our suppliers to conduct similar evaluation with their suppliers.

We also encourage our suppliers to purchase minerals from smelters who are listed on the Conflict-Free Smelter Program Compliant Smelter List to ensure the materials used in our supply chain are conflict-free. Our Conflict-Free Minerals Policy is made available on our Company's website.

Fair Procurement Practices and Supplier Screening

We believe that our sourcing process is key to conducting successful tender projects together with our suppliers that add value to Inari as well as to the communities in which we operate. Presently, our sourcing process and procedure are governed by our Procurement Policy. We will ensure all suppliers are treated fairly and equally. Additionally, we work to establish a common objective with our suppliers to achieve a favourable balance between quality and price whilst fulfilling the economic, environmental, social, and corporate governance requirements.

To ensure ethical business operations, we maintain a comprehensive checklist for new vendor selection request. We assess our suppliers in term of quality, pricing, delivery lead time, product certification (which includes the assessment of environmental and social performance) as well as organisation background. We carry out due diligence assessments on all the suppliers vide Supplier Due Diligence Questionnaire in our Procurement Policy.

Supplier Monitoring and Audit

On annual basis, supplier's risk assessment and audit were conducted for top suppliers. In FY2024, we have audited top 10 suppliers (FY2023: top 6 suppliers) for Malaysia, top 3 suppliers (FY2023: top 5 suppliers) for Philippines and top 3 suppliers (FY2023: top 4 suppliers) for China focusing on the following areas:

- Environment Protection and Waste Management
- Safety and Health
- Social compliance
- Legal compliance
- Human Rights (Anti-discrimination, Fair treatment, Providing minimum wage and Prevention of forced labour and Human trafficking)

Based on the supplier audit, there was no high-risk suppliers and zero case of non-compliance by suppliers have been noted, thus, no further measures were taken. Nonetheless, we ensure all suppliers comply with requirements in preventing negative environmental impact. We will officially communicate and reporting back to the suppliers should there be any abnormality found.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)**SUPPLY CHAIN MANAGEMENT** (cont'd)**Training on Social and Environment Supply Chain Policy**

Each year, we organize a minimum of 2 internal training sessions for our buyers and material planners to continuously enhance their expertise. In FY2024, our Malaysia operation conducted a comprehensive training session for our suppliers, focusing on human rights including no excessive working hours, diversity, corporate liability, safety and health, as well as environmental responsibility. This session was well-attended, with 101 participants representing 61 companies.

In our Philippines operations, it is standard practice to conduct an annual supplier training session. This training is designed to increase awareness and ensure that our suppliers align with our commitment to conserve energy, avoid the use of hazardous chemicals, and fully complying with environmental regulations. In addition, supplier survey will be conducted to key suppliers regarding ESG Compliance.

Supporting Local Ecosystem and Local Procurement

We strongly believe the health of the local electronics and electrical ecosystem is an important requirement in our long-term economic sustainability. Over the years, we initiated with various local equipment manufacturers and academia to co-develop or improve existing equipment performance and create new automation, machine connectivity and data extraction systems. These collaborations also formed part of our Industry 4.0 framework.

Our concerted efforts have created new capabilities and platforms which benefit local equipment manufacturers by enhancing their company portfolios and profiles. This has also further enabled Inari in supporting industries such as metal fabrication and component suppliers to increase their revenues thereby creating more employment opportunities. The academia sector also benefits in this programme as university-owned research and development are used and tested in an industry environment, concurrently providing platforms for students and lecturers to gain up-to-date knowledge and practical experiences.

At Inari, we continue to prioritise procurement of goods and services from local suppliers who meet the standards we require. By promoting local suppliers, Inari is able to reduce dependency on foreign equipment and the impact of foreign exchange fluctuations through local purchases. In terms of business operations, working with local equipment improves production and development turnaround time with services and support from local suppliers and academia. Ultimately, we will be contributing a direct positive economic impact on the communities where we operate.

Inari works to retain the cost-effectiveness of our supplier base by continuously engaging with local suppliers for our indirect material. The proportion of our spending allocated to local suppliers is as shown below:

Proportion of spending	Unit	FY2022		FY2023		FY2024	
		Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers
Malaysia	%	43	57	62	38	51	49
Philippines	%	66	34	91	9	84	16
China	%	71	29	87	13	80	20
Overall	%	51	49	78	22	59	41

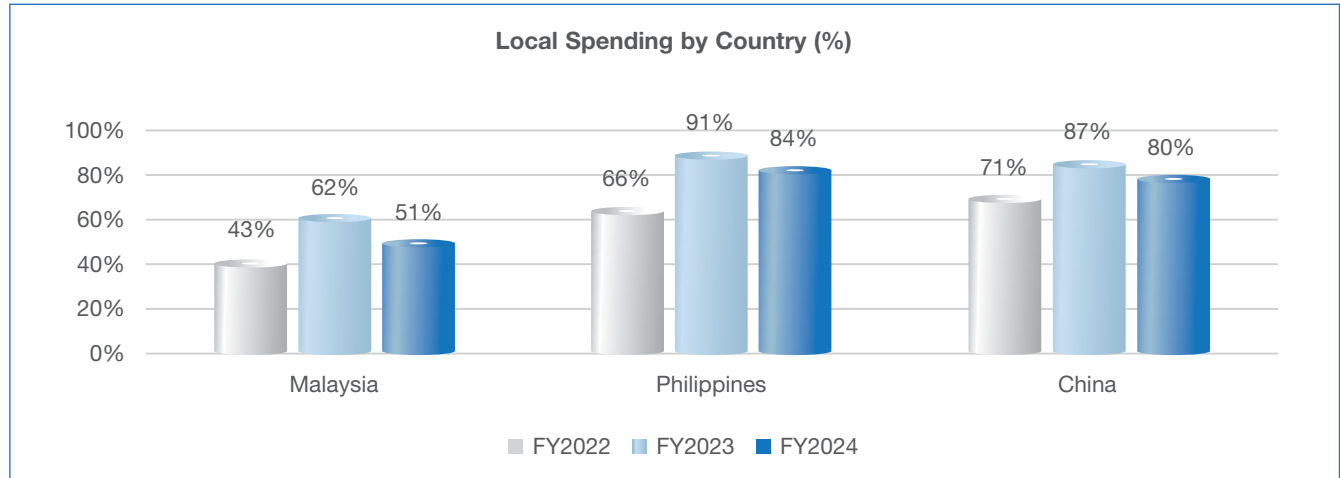
SUSTAINABILITY STATEMENT

cont'd

ECONOMIC - Better Results from Better Practices (cont'd)

SUPPLY CHAIN MANAGEMENT (cont'd)

Supporting Local Ecosystem and Local Procurement (cont'd)



Overall decrease in local spending % as compared to FY2023 due to the purchases of materials which are aligned with the customers's specification

Involvement in Initiatives on Environmental Impacts in Supply Chain



In Malaysia, Inari is currently recognized as a “Strategic Partner” by the Department of Environment (DOE), a role further reinforced by being awarded an appreciation certificate and officially designated as Rakan Strategik in DOE communications. The DOE frequently invites Inari to collaborate in events during National Environment Day (State Level). In FY2024, our Malaysia operation actively participated in all events and seminars organized by the DOE. These engagements were crucial for staying informed about the latest requirements for effective environmental management and control. Notable events attended include the Seminar on “Circular Economy” Approaches in Sustainable Scheduled Waste Management, and the Seminar, Dialogue, and PDYT License Handover Ceremony in conjunction with Earth Day 2024.

We are members of the Semiconductor & Electronics Industries in the Philippines Foundation, Inc. and the Suzhou Electronic Information Industry Association. Our involvement in these organizations underscores our commitment to participating in initiatives that address environmental impacts across the supply chain.

PRIVACY AND DATA PROTECTION

As technology becomes increasingly integral to the workplace to enable more effective and efficient forms of collaboration, it is imperative that Inari is able to manage the threats and increasing risk of cyber-attacks to the Company. Inari is committed to protecting the private information and personal data of our customers, suppliers, and employees.

Our cybersecurity measures and practices ensure that information is appropriately and lawfully shared and that data is handled with the utmost care, done confidentially and with integrity. We comply with the regulations of the Personal Data Protection Act which apply to dealing with and processing personal data in commercial transactions. All information and personal data are secured using our integrated data protection and information security strategy.

SUSTAINABILITY STATEMENT

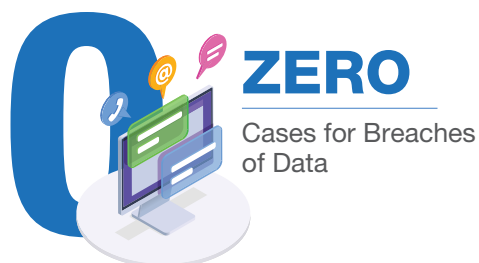
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ECONOMIC - Better Results from Better Practices (cont'd)**PRIVACY AND DATA PROTECTION** (cont'd)

Below lists the key internal controls to protect data privacy:

- ✓ Protect our technology resources and assets with encryption, firewalls, antivirus or anti-malware software, automated patching and security vulnerability assessments
- ✓ Use appropriate physical and organisational security measures to protect personal data
- ✓ Require all employees to comply with Inari's Code of Business Conduct and Ethics
- ✓ Provide training and awareness programmes on data security and proper handling of information
- ✓ Sign Non-Disclosure Agreements between Inari and customers, suppliers and contractors
- ✓ Annual simulation on disaster recovery
- ✓ Disable USB for our employees to fortify our defence against potential data breaches and malware threats, prevent unauthorised data transfers and safeguard sensitive information
- ✓ Enhance Wi-Fi configuration to allow only authorised Inari assets to connect to reduce the risk of unauthorised access and potential intrusions
- ✓ Provide secure and controlled access for Inari customers, issue individual vouchers for Wi-Fi connectivity, to ensure only authorised users can access to the network and minimise potential security vulnerabilities
- ✓ Implement advanced virus detection mechanisms to analyse cybersecurity trends to proactively address emerging risks and strengthen our defence mechanisms
- ✓ Filtered Secured File Transfer Protocol ("SFTP") connections through authorised IP addresses to protect sensitive data during file transfer, where only connections from authorised IP addresses are allowed for SFTP, adding an extra layer of security against unauthorised access attempts
- ✓ Network isolation for legacy machines at production floor to minimise potential vulnerabilities and safeguard critical infrastructure
- ✓ All office desktops join a domain to ensure uniform Group Policy setting across the organisation, to enhance security, consistency and centralise management and reduce risk of misconfigurations
- ✓ Default High User Account Control ("UAC") setting to protect operating systems from unauthorised changes and empower users to make informed decisions when accessing potentially sensitive system functions
- ✓ Deploy multi-factor authentication on all servers and remote access points to further enhance security and strengthen our defence against unauthorised access

Due to our data privacy and protection efforts, we have received zero cases related to breaches of data and complaints received from external stakeholders.



Total number of identified data leaked	Unit	FY2022	FY2023	FY2024
Malaysia	Number	0	0	0
Philippines	Number	0	0	0
China	Number	0	0	0
Total number of complaints received from external stakeholders	Unit	FY2022	FY2023	FY2024
Malaysia	Number	0	0	0
Philippines	Number	0	0	0
China	Number	0	0	0

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet



“ We aim to deliver green and safe products and services while maintaining the good of the environment. ”

Responsible stewardship of the environment is no longer a voluntary decision, but it has emerged to be a critical action to future proof our business. The ongoing discussions and calls for companies to act on climate change has accelerated the transition to low carbon products and services to ensure environmental impacts are reduced and managed in a responsible manner. Against this backdrop, we are committed to providing environmentally friendly products to our customers and improving practices along our value chain for the efficient and responsible use of all resources. Likewise, our Supplier Code of Conduct includes environmental guidelines which delineates our expectation towards the suppliers.

Presently, our environmental management and practices are governed by the Environmental Policy as shown below:



ENVIRONMENTAL POLICY

“We aim to deliver green and safe services and products for the good of environment”

Inari Technology Sdn Bhd is committed in providing environmentally friendly products to our customer and protecting the local and global environment. This is achieved through a continual effort to provide and improve work processes and work environment to be cleaner and safer for the customer, employee and our society.

- We use only environmentally-safe materials that comply with RoHS, REACH and Halogen-free requirements in our products and processes.
- We establish objectives, targets and standards for continual environmental improvement and protection.
- We prevent water, air and noise pollution, reduce waste and minimize the consumption of natural resources.
- We strive to mitigate the climate change by reducing greenhouse gas (GHG) emissions and conserve energy and water wherever feasible
- We always comply with relevant environmental regulations, customer and other interested parties requirements.
- We educate, train and motivate employees to be environmentally friendly in a responsible manner.
- We encourage and influence environmental protection among the suppliers and subcontractors.

The key areas of focus in our environmental and climate change management are to enhance energy consumption efficiency, reduce GHG emission, ensure efficient use of water resources, and maximise recovery, re-use and recycling activities. Our Environmental Policy is outlined below, which is also made available on our Company's website.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**Environmental Policy**

- We use only environmentally safe materials that comply with Restriction of Certain Hazardous Substances ("RoHS"), Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") and Halogen-free requirements in our products and processes.
- We establish objectives, targets and standards for continuous environmental improvement and protection.
- We prevent water, air and noise pollution, reduce waste and minimise the consumption of natural resources.
- We strive to mitigate the climate change by reducing greenhouse gas ("GHG") emissions and conserve energy and water wherever feasible.
- We always comply with relevant environmental regulations and customers' specific requirements.
- We educate, train and motivate employees to be environmentally friendly in a responsible manner.
- We encourage and influence environmental protection among the suppliers and subcontractors.

Certifications

Our efforts in managing our environmental and climate change management have led our operations to receive several certifications in relation to Environment, Health and Safety ("EHS") compliance from local and international governing bodies which recognise our efforts in preserving the environment. All our operating sites in Malaysia, Philippines and China are fully certified with ISO14001:2015.



ISO14001 – Malaysia
MY08/00011



ISO14001 – Malaysia
MY08/01599



ISO14001- Philippines



ISO14001 - China

In addition to ISO14001:2015, our capabilities have undergone assessments and received certification through the following accreditation:

Certification	Operating Sites	Validity Period
ISO 14001:2015 - Environmental Management System	Malaysia	25 January 2026
	Philippines	19 September 2027
	China	5 April 2027
ISO 45001:2018 - Occupational Health and Safety Management System	China	12 June 2027
IATF 16949:2016 - Automotive Quality Management System	Malaysia	8 January 2025
	Philippines	3 September 2027
	China	16 September 2026
ISO 9001:2015 - Quality Management System	Philippines	10 October 2027
Sony Green Partner	Malaysia	30 November 2024
RoHS Compliant	Malaysia	Valid indefinitely
REACH Compliance	Malaysia	Valid indefinitely
Green Energy Certificate	Malaysia	Valid indefinitely
Aqua Save Certificate	Malaysia	August 2026
Penang Green Office	Malaysia	August 2026
Radiation Safety Permit	Malaysia	15 May 2026
	China	11 October 2026

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

Certifications (cont'd)



Biodiversity

Inari is supportive of the preservation of biodiversity in the regions where we operate. We have chosen our operation sites diligently to ensure that our operation sites are not located within proximity to any reserved forest or protected habitat. Our operation sites are located at the industrial zones in Malaysia, Philippines and China as detailed below:

- Bayan Lepas Free Industrial Zone, Penang, Malaysia;
- Bayan Lepas Non-Free Industrial Zone, Penang, Malaysia;
- Batu Kawan Industrial Park, Penang, Malaysia;
- Clark Freeport Zone, Clark, Philippines; and
- Kunshan Comprehensive Bonded Zones, Jiangsu, China.

Environmental compliance

We are committed to complying with all applicable environment laws and regulations. In FY2024, we complied with all relevant environmental regulations and no sanctions resulting from non-compliance for our operations in Malaysia, Philippines and China.

CLIMATE CHANGE MANAGEMENT

The World Economic Forum's Global Risks Report 2024 highlights the most severe long term global risks, including the extreme weather events, critical change to earth systems, biodiversity loss and ecosystem collapse and natural resource shortages. These risks are all driven by the impacts of climate change. Southeast Asia has been identified to be one of the most vulnerable regions in the world to climate change. Climate change has two main impacts: the physical impact from changing climate conditions which affects assets and supply chains; and the economic impact to countries that are transitioning to a net zero carbon future. These present both risks and opportunities to businesses.

As outlined in our Environmental Policy, we are committed to mitigating climate change through proactive measures to reduce greenhouse gas emissions and conserve both energy and water whenever feasible. We strive to implement sustainable practices and seek innovative solutions to minimise our environmental impact and promote a healthier planet.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

CLIMATE CHANGE MANAGEMENT (cont'd)

Our actions to validate the commitment in improving energy and water consumption efficiency so as to mitigate the climate change impacts are as below:

- ✓ Our Sustainability Policy has stated our commitment on Net Zero Policy by 2050, thus, the Sustainability and Integrity Working Group is performing monthly monitoring of carbon emission and quarterly monitoring of GHG emission;
- ✓ Participated and obtained Green Office certifications by Penang Green Council and Perbadanan Bekalan Air Pulau Pinang ("PBA") (i.e. Aqua Certification);
- ✓ Implemented various energy and water saving action plans and initiatives as detailed in Energy Usage and Water Management sections;
- ✓ Actively engaged in reforestation efforts by planting trees at our operation sites to support local ecosystems, improve air quality, and engage employees in impactful environmental efforts. As of 30 June 2024, we have planted approximately 1,787 trees that is more than 6ft height as below:

Plant in Malaysia Operations	Number of Trees Planted
P1,3,5	152
P13	562
P21	1,010
P34	63
Total	1,787



SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

CLIMATE CHANGE MANAGEMENT (cont'd)

- ✓ Strong collaboration and partnership with the State government, other companies operating at same sites and relevant agencies on environmental projects. This commitment is exemplified by our participation in the following environmental projects/events:
 - Participated in tree planting initiatives with premier development agency of the State Government of Penang - Penang Development Corporation ("PDC") and Clark Water Corporation in FY2024.



Tree Planting Activity (Malaysia)



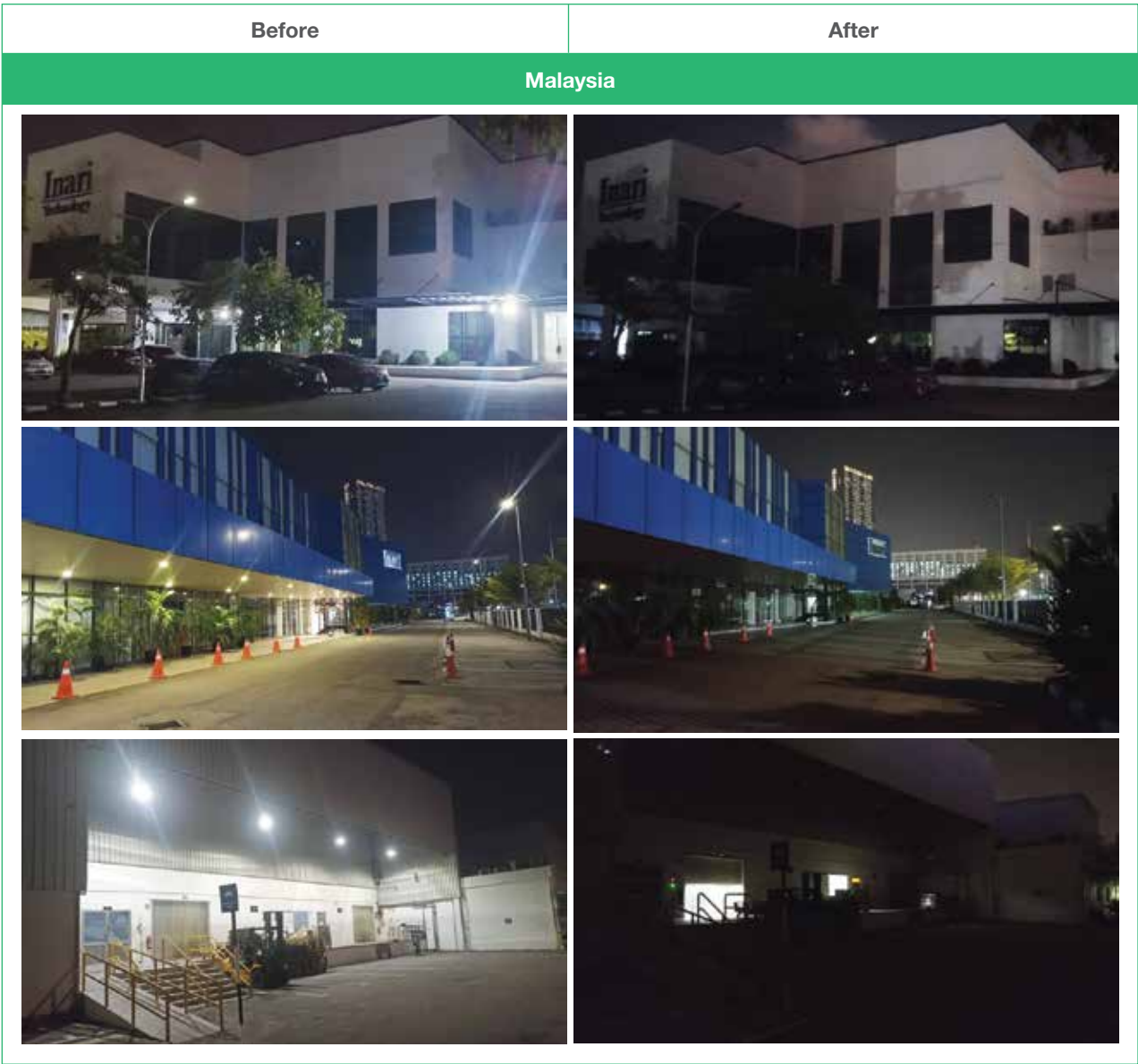
Tree Planting Activity (Philippines)

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

CLIMATE CHANGE MANAGEMENT (cont'd)

- ✓ Strong collaboration and partnership with the State government, other companies operating at same sites and relevant agencies on environmental projects. This commitment is exemplified by our participation in the following environmental projects/events: (cont'd)
- Participated in the Earth Hour, an annual global movement organised by the World Wildlife Fund (“WWF”) with the goal of encouraging individuals, communities and businesses to switch off non-essential lights for one hour. On 23 March 2024, we joined the global initiative by turning off non-essential lighting for one hour, demonstrating our commitment to environmental sustainability. The photos below showcase our operation sites in Malaysia, Philippines and China as they turned off non-essential lighting during Earth Hour.



SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

CLIMATE CHANGE MANAGEMENT (cont'd)

- ✓ Strong collaboration and partnership with the State government, other companies operating at same sites and relevant agencies on environmental projects. This commitment is exemplified by our participation in the following environmental projects/events: (cont'd)
- Participated in the Earth Hour, an annual global movement organised by the World Wildlife Fund (“WWF”) with the goal of encouraging individuals, communities and businesses to switch off non-essential lights for one hour. On 23 March 2024, we joined the global initiative by turning off non-essential lighting for one hour, demonstrating our commitment to environmental sustainability. The photos below showcase our operation sites in Malaysia, Philippines and China as they turned off non-essential lighting during Earth Hour. (cont'd)

Before	After
Philippines	
	
	
China	
	

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**ENERGY USAGE**

We acknowledge the worldwide apprehension regarding climate change arising from heightened energy consumption and GHG emissions. Our dedication lies in the execution and reinforcement of energy-efficient initiatives. In FY2024, our investments persistently target eco-friendly technologies and enhancements to plant operations. These efforts culminate in the production of goods through energy-efficient procedures, underscoring our commitment to curbing GHG emissions, mitigating climate change repercussions, and minimizing our ecological imprint.

Our initiatives on energy-efficiency and saving projects as at FY2024 are listed below:

Energy-efficiency projects	Purpose	Target saving	Status
Installation of solar panels at P1 and P5	Green energy	42,726 kWh/month	In-progress
Additional installation of solar panels at P21	Green energy	56,563 kWh/month	In-progress
Consolidation from 3 units of screw chiller to centrifugal chiller at P34	Energy efficiency	5,545 kWh/month	Completed
Increase of chiller temperature by 0.5 degree Celsius at P1,3,5,13,21	Energy saving	41,950 kWh/month	Completed
Reduction of compressor pressure setting at P1,3,5,13,21,34	Energy saving	102,400 kWh/month	Completed
Reduction of vacuum suction pressure at P13	Energy saving	64,830 kWh/month	Completed
Change of fixed speed vacuum pump to VSD vacuum pump at P21	Energy saving	24,870 kWh/month	Completed
Divert AHU from IT office to Managers' cubicle and switch off of ACSU air conditioner at P21	Energy saving	5,790 kWh/month	Completed
Divert process cooling tower supply to WCPU and shut down of rooftop cooling tower system at P1,3 and 5	Energy saving	8,350 kWh/month	Completed
Shut down DI/CO2 System 3 as no longer required for current process at P1,3 and 5	Energy saving	2,375 kWh/month	Completed
Shut down 60USGPM System 1 as discharge usage able to support at P1,3 and 5	Energy saving	2,375 kWh/month	Completed
Reduction of 16K CFM fan to 7K CFM fan at P1,3 and 5	Energy efficiency	4,750 kWh/month	Completed
Installation of solar panel at P21	Green energy	141,000 kWh/month	Completed
Replace infill for Cooling Tower 3 to reduce energy consumption for 2 other chillers	Energy saving	7,850 kWh/month	Completed
Conversion of refrigerant ACSU split unit to chilled water	Energy efficiency	1,205 kWh/month	Completed
Conversion of refrigerant ACSU split unit to AHU unit	Energy efficiency	2,680 kWh/month	Completed
Installation of roofing solar farm at CK, Philippines	Green Energy	50,000 kWh/month	In-progress
Installation of 7 units of VFD at CK2, Philippines	Energy saving	10,090 kWh/month	Completed
Installation of solar panel at CK2, Philippines	Green energy	1,930 kWh/month	In-progress
Installation online room temperature monitoring and room temperature setting at CK1, Philippines	Energy saving	8,700 kWh/month	Completed
Air compressor energy saving project	Energy efficiency	53,618 kWh/month	Completed
Conversion of variable frequency air compressors at Kunshan, China	Energy efficiency	15,879 kWh/month	In-progress
Conversion of fluorescent tube to LED at Kunshan, China	Energy efficiency	1,124 kWh/month	In-progress
Adjustment of temperature of centralised air conditioning system at Kunshan, China	Energy saving	1,040 kWh/month	In-progress

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

ENERGY USAGE (cont'd)

In addition to the above energy-efficiency projects, we also expect discipline among our employees at Inari to switch off unused lighting and electronic equipment within Inari's premises.

In FY2024, our total energy consumption reached approximately 472,737 GJ, comprising petrol, diesel, and electricity. This increase in energy usage was primarily driven by elevated New Product Introduction (NPI) activities from both new and existing customers, as well as the operational demands of running more complex and sophisticated products. The rise in energy consumption reflects our continued growth and commitment to meeting evolving customer needs, while balancing the challenges of higher energy demands with our broader sustainability objectives. However, we managed to obtain **lower overall energy intensity over 5 years** which signifies a higher efficiency level within our operations. In FY2020, the overall energy intensity was 0.0000289 GJ/FOU.

Petrol Consumption	Unit	FY2022	FY2023	FY2024
Malaysia	GJ	98	120	183
Philippines	GJ	82	110	116
China	GJ	141	205	232
Total	GJ	321	435	531

Diesel Consumption	Unit	FY2022	FY2023	FY2024
Malaysia	GJ	647	768	835
Philippines	GJ	5,307	3,563	3,763
China	GJ	– (a)	– (a)	– (a)
Total	GJ	5,954	4,331	4,598

Electricity Consumption	Unit	FY2022	FY2023	FY2024
Malaysia	GJ	311,514	334,805	360,139
Philippines	GJ	80,339	79,368	87,174
China	GJ	23,596	20,436	20,295
Total	GJ	415,449	434,609	467,608

Note:

(a) No consumption of diesel for operation in China.

Total Energy Consumption (Petrol, Diesel, Electricity)	Unit	FY2022	FY2023	FY2024
Malaysia	GJ	312,259	335,693	361,157
Philippines	GJ	85,728	83,041	91,053
China	GJ	23,737	20,641	20,527
Total	GJ	421,724	439,375	472,737

Energy Intensity	Unit	FY2022	FY2023	FY2024
Malaysia	GJ/FOU	0.000016	0.000021	0.000021
Philippines	GJ/FOU	0.000250	0.000289	0.000339
China	GJ/FOU	0.000124	0.000137	0.000163

SUSTAINABILITY STATEMENT

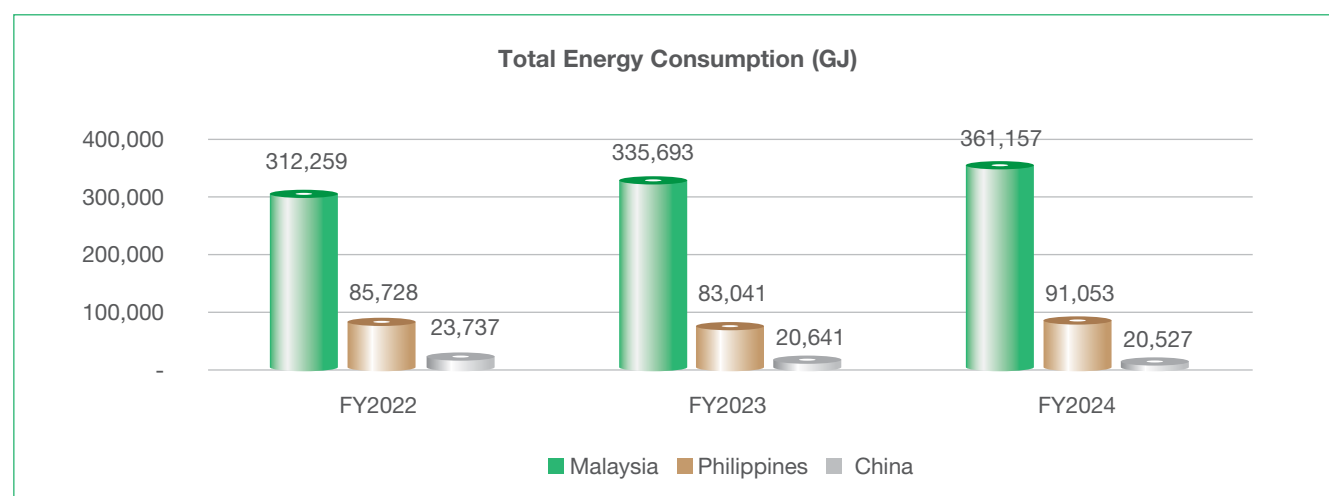
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ENVIRONMENT - *Caring for our Planet* (cont'd)**ENERGY USAGE** (cont'd)

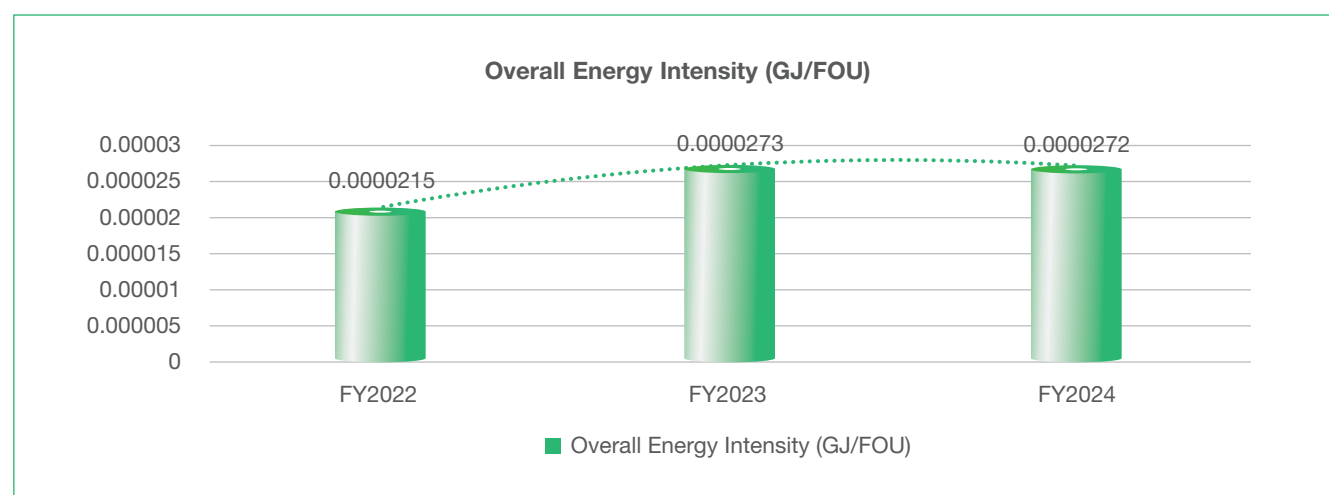
Overall Energy Intensity	GJ/FOU
FY2022	0.0000215
FY2023	0.0000273
FY2024	0.0000272

Note:

(a) FOU stands for Factory Output Unit.



Energy consumption increased due to higher NPI activities from new and existing customers, and the operational demands of running more complex and sophisticated products.



Lower overall energy intensity over 5 years (FY2020: 0.0000289 GJ/FOU).

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

GHG EMISSIONS AND CLIMATE CHANGE

Our operational GHG emissions are measured and disclosed below:

- GHG emissions Scope 1 refers to direct GHG emissions from the activities in our organisation including mobile combustion, such as petrol and diesel consumed by Company owned vehicles; and
- GHG emissions Scope 2 refers to indirect GHG emissions from consumption of electricity. The purchased electricity is primarily used to operate production machinery, facility equipment, office equipment and etc.

During the year under review, our GHG emissions generated a total of 87,369 tCO₂e. In comparison to FY2023, Inari recorded an increase in GHG emissions, which was mainly due to higher NPI activities from new and existing customers. However, we managed to see a decrease in GHG emissions intensity over 5 years. In FY2020, the GHG emissions intensity was 0.00545.

GHG Emissions Scope 1	Unit	FY2022	FY2023	FY2024
Malaysia	tCO ₂ e	62	58	67
Philippines	tCO ₂ e	453	244*	258
China	tCO ₂ e	10	12	14
Total	tCO₂e	525	314	339

Note:

- (a) GHG emissions Scope 1 covers consumption of petrol and diesel.
- (b) Malaysia, Philippines and China: The emission for Scope 1 is calculated using emission factor obtained from IPCC Fifth Assessment Report, while the default emissions factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006).
- * Decrease consumption in diesel due to improved road accessibility that leads to more efficient bus routes for the employees.

GHG Emissions Scope 2	Unit	FY2022	FY2023	FY2024
Malaysia	tCO ₂ e	57,717	60,087	65,319
Philippines	tCO ₂ e	15,894	15,702	17,246
China	tCO ₂ e	5,192	4,497	4,465
Total	tCO₂e	78,803	80,286	87,030

Note:

- (a) GHG emissions Scope 2 covers consumption of electricity.
- (b) Malaysia: The emission for Scope 2 is calculated using the emission factor obtained from 2017 Clean Development Mechanism ("CDM") Electricity Baseline for Malaysia, Malaysia Green Tech Corporation.
- (c) Philippines: The emission for Scope 2 is calculated using emission factor obtained from 2015-2017 National Grid Emission Factor, Department of Energy, Republic of the Philippines.
- (d) China: The emission for Scope 2 is calculated using emission factor obtained from China's regional power grids for emission reduction projects in 2019.

Total GHG Emissions (Scope 1 and Scope 2)	Unit	FY2022	FY2023	FY2024
Malaysia	tCO ₂ e	57,779	60,145	65,386
Philippines	tCO ₂ e	16,347	15,946	17,504
China	tCO ₂ e	5,202	4,509	4,479
Total	tCO₂e	79,328	80,600	87,369

SUSTAINABILITY STATEMENT

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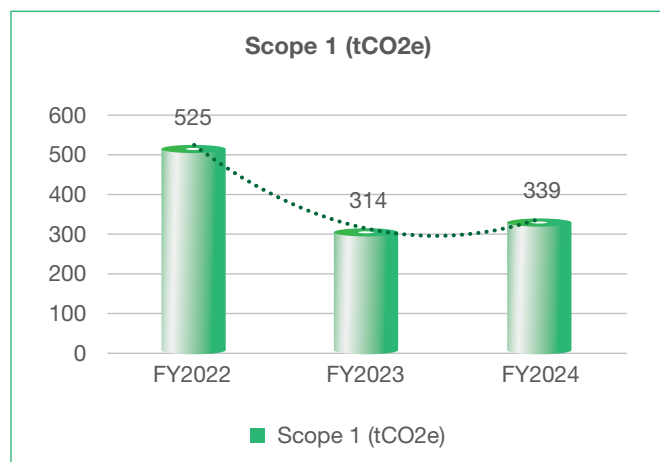
ENVIRONMENT - *Caring for our Planet* (cont'd)**GHG EMISSIONS AND CLIMATE CHANGE** (cont'd)

GHG Emissions (Scope 1 and Scope 2) Intensity	Unit	FY2022	FY2023	FY2024
Malaysia	tCO ₂ e / FOU ('000)	0.00302	0.00384	0.00385
Philippines	tCO ₂ e / FOU ('000)	0.04849	0.05557	0.06523
China	tCO ₂ e / FOU ('000)	0.02728	0.02983	0.03587

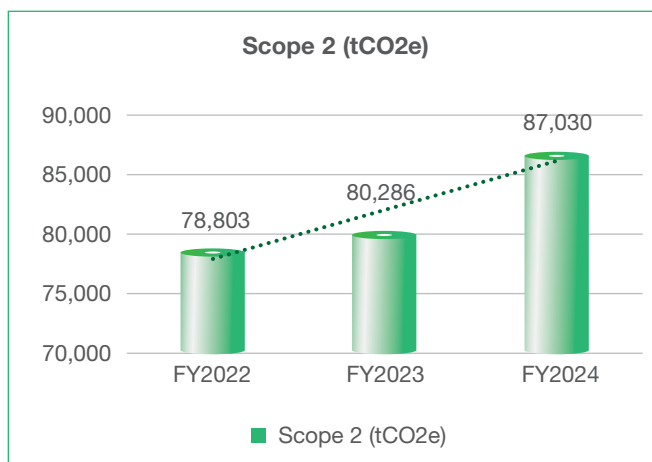
Overall GHG Emissions (Scope 1 and Scope 2) Intensity	(tCO ₂ e/FOU ('000))
FY2022	0.00404
FY2023	0.00501
FY2024	0.00503

Note:

(a) FOU stands for Factory Output Unit.



GHG Emissions Scope 1 reduced significantly over the past 3 years due to lower diesel consumption in Philippines, having more efficient bus routes from improved road accessibility.



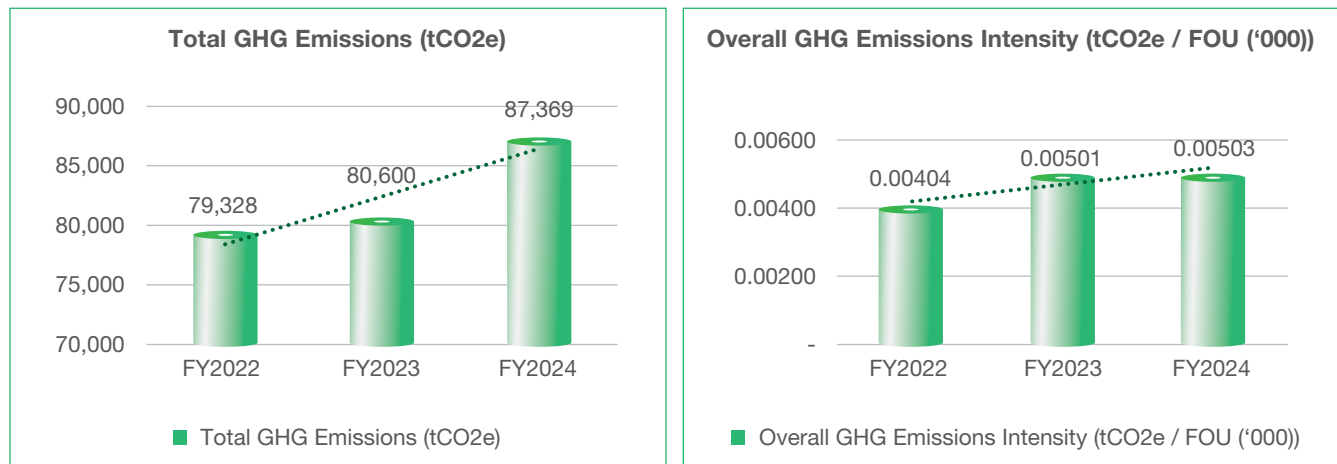
GHG Emissions Scope 2 increased due to higher NPI activities from both existing and new customers, and the operational demands of running more complex and sophisticated products.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

GHG EMISSIONS AND CLIMATE CHANGE (cont'd)



Minor increase in overall GHG emissions intensity from FY2023 (0.00501 tCO₂e/FOU) to FY2024 (0.00503 tCO₂e/FOU).

Inari does not produce any Nitrogen Oxides (“NO_x”) and Sulphur Oxides (“SO_x”) emissions as none of our business activities involve biomass combustion.

The Company has established a comprehensive set of actions to achieve its GHG reduction targets within the specified timeframe. These measures explicitly address the primary sources of GHG emissions, including Scope 3 emissions where relevant. Currently, we are in the process of developing a methodology to collect data on Scope 3 emissions, which encompasses indirect emissions from business travel and employee commuting. To mitigate these impacts, we are actively promoting the use of Group-wide and personal video conferencing facilities to reduce non-essential air and ground travel. Additionally, our team has engaged in training sessions designed to enhance our understanding and management of Scope 3 GHG emissions, thereby improving our ability to effectively disclose and address these indirect environmental impacts.



Training on Scope 3 GHG Emissions

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**GHG EMISSIONS AND CLIMATE CHANGE** (cont'd)**GHG Reduction Plan**

Solar Panel Installation at Penang P21 (Malaysia)

Since the installation of solar panels in March 2022 and utilization of green energy at our Malaysia operations, we have observed tangible outcomes. These efforts have yielded noticeable reductions in greenhouse gas emissions by 1,407 tCO₂e GHG emission in FY2024.

Reduction of 1,407 tCO₂e GHG emission

Our Malaysia operations have been presented with a Green Energy Certificate for our efforts in GHG Reduction to move towards our goal in Net Zero as well as Penang Green Office Certification.

WATER MANAGEMENT

As outlined in our Environmental Policy, we are committed to prevent water pollution and minimise the consumption of natural resources which include water. At Inari, our wafer fabrication and packaging facilities consumed a large portion of our daily water usage to clean silicon wafers in the course of wafer processing. Due to the high volume of water consumption within our production processes, we continue to focus on water conservation. Below are the details of some examples of the actions we have implemented throughout the company to reduce the water use and enhance water saving and efficiency:

✓ **Conversion from single spindle to dual spindle machines**

Improve efficiency is by reducing water consumption by converting from single spindle to dual spindle machines which increase wafer production capacity while having the same water intake.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

WATER MANAGEMENT (cont'd)

✓ Rinse water collection system, rainwater harvesting system and water recycling system

Our plants are equipped with complex rinse water collection systems with separate drains to collect lightly contaminated wastewater to reuse in our plants' toilet flushing systems. Our other ongoing water-saving plans include rainwater harvesting and recycling of reverse osmosis reject water for gardening and as raw water. We also utilise rainwater harvesting to supply our cooling towers. In addition, we recycle cooling water from our air-conditioning systems for use in the cooling towers. With this re-use strategy, we reuse as much water as we can from our manufacturing processes. The total investment cost in these water-saving measures amounted close to RM40,000.



Recycle of cooling water from air-conditioning systems for use in cooling towers



Recycle of rainwater harvesting for use in cooling towers

In Philippines, we recycle the water from cooling water for flushing system in CK2 building.

✓ Upgrade of water piping and regular monitoring

We have also upgraded our water piping system to compensate the low domestic water pressure which may have resulted from the ageing of underground water piping. Our facility team will continue to monitor and look for cost-effective methods to improve our water usage. With that, our Malaysia operations had been presented by the local water authorities with a certificate of Accreditation for our initiative and continuous efforts in water conservation.

Water Withdrawal

At Inari, we hold a deep understanding of the significance of resource management. Consequently, recognizing the pivotal role of water withdrawal data becomes evident, as it serves a dual purpose: effective resource management and the crucial task of mitigating environmental impact.

Large-scale water withdrawals can have serious environmental consequences, such as reducing water availability for ecosystems, aquatic life, and local communities. The following water withdrawal information helps us understand how using water affects nature. It guides us in making better choices for the environment and being careful with resources. We're dedicated to managing resources responsibly.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**WATER MANAGEMENT** (cont'd)**Water Withdrawal** (cont'd)

Water Withdrawal	Unit	FY2022	FY2023	FY2024
Municipal potable water				
Malaysia	m ³	658,944	633,501	595,376
Philippines	m ³	63,590	56,372	55,236
China	m ³	31,957	23,814	15,521
Total	m³	754,491	713,687	666,133

Water Consumption

Our water consumption in FY2024 amounted to a total of 666,133m³. Despite an increase in NPI activities, we managed to record a lower water consumption by 7%, compared with the previous year. This signifies the effectiveness of our water saving and consumption efficiency initiatives.

Water Consumption	Unit	FY2022	FY2023	FY2024
Malaysia	m ³	658,944	633,501	595,376
Philippines	m ³	63,590	56,372	55,236
China	m ³	31,957	23,814	15,521
Total	m³	754,491	713,687	666,133

Water Intensity	Unit	FY2022	FY2023	FY2024
Malaysia	m ³ / FOU	0.000034	0.000040	0.000035
Philippines	m ³ / FOU	0.000189	0.000196	0.000206
China	m ³ / FOU	0.000168	0.000158	0.000124

Overall Water Intensity	Unit (m ³ /FOU)
FY2022	0.000038
FY2023	0.000044
FY2024	0.000038

Note:

(a) FOU stands for Factory Output Unit.

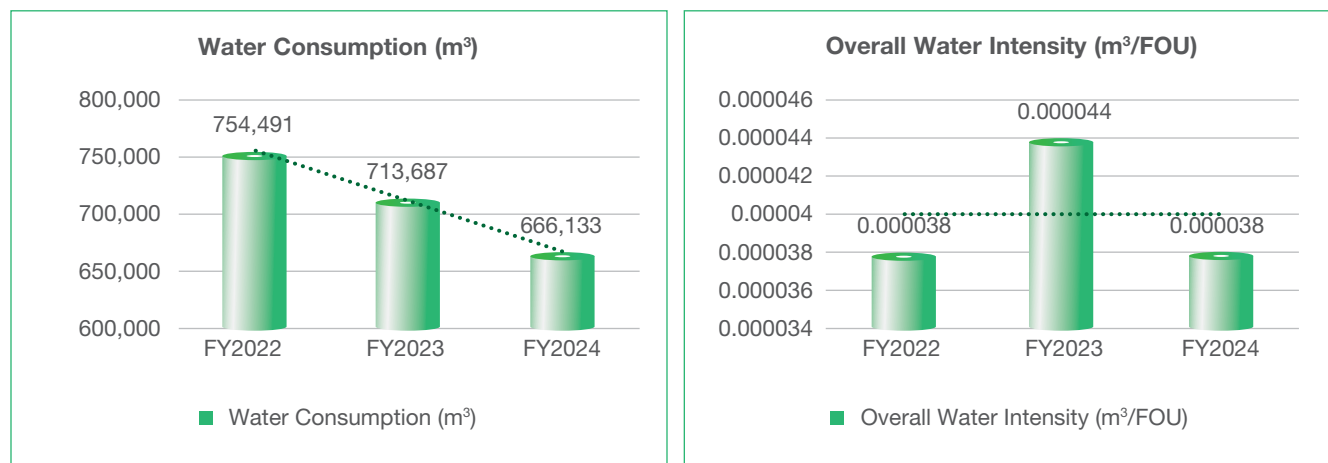
SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

WATER MANAGEMENT (cont'd)

Water Consumption (cont'd)



Lower water consumption in FY2024, with water intensity decreased by 13.6% as compared to FY2023.

Water Discharge

We adhere to strict protocols for the responsible discharge of water to ensure environmental protection and compliance with regulatory standards. For Malaysia and China, our treated water discharge is routed through municipal common drainage systems, which ultimately channel the water to the ocean, for Philippines, to the Abacan River. We ensure that all discharged water meets regulatory requirements and is treated to remove contaminants before it enters these drainage systems. Our commitment includes regular monitoring and testing of water quality to prevent any adverse environmental impact and to uphold our responsibility towards sustainable water management.

Water Discharged*	Discharge Destination	Unit	FY2022	FY2023	FY2024
Malaysia	Ocean	m³	658,944	633,501	595,376
Philippines	Abacan River	m³	63,590	56,372	55,236
China	Ocean	m³	31,957	23,814	15,521
Total		m³	754,491	713,687	666,133

* The water discharged data closely mirrors our water consumption figures, as the volume used for human consumption is negligible and therefore considered immaterial to our overall water usage profile.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**WATER MANAGEMENT** (cont'd)**Wastewater Discharge Quality**

Generally, our water is discharged to the municipal common drainage system, which ultimately channels it to the ocean.

Effluent discharge contains chemicals, metals, organic and inorganic compounds which may be detrimental to the environment. Hence, Inari as a Group strives to maintain the water quality discharged to ensure compliance with the applicable local regulatory requirements. The effluent discharged will be treated prior to discharge from operation sites into sewerage connecting to municipal's sewerage treatment plant. During the financial year under review, **we fully complied with all local regulatory** requirements for our wastewater discharge quality in all sites in Malaysia, Philippines and China.

Compliance Status: Full compliance ✓

Wastewater discharge quality	Unit	Malaysia				Philippines		China			
		FY2022	FY2023	FY2024	(a)	FY2022, FY2023 & FY2024	(b)	FY2022	FY2023	FY2024	(c)
Temperature	°C	NA	NA	NA	40.0°C ^(e)	Waste water discharged is treated by a licensed third party service provider ^(d)	22.0-32.0°C	NA	NA	NA	NA
pH	-	7.0	7.6	7.1	5.5 - 9.0		6.0 - 9.5	7.7	7.5	7.5	6.0 - 9.0
BOD ⁵	mg/L	NA	7.0	3.0	NA		<50.0	57.0	45.7	65.8	<300.0
COD	mg/L	16.4	28.0	12.0	<200.0		<100.0	111.0	126.0	291.0	<500.0
Suspended solids	mg/L	7.2	3.0	2.0	<100.0		<100.0	48.0	14.0	160.0	<400.0
Oil and grease	mg/L	NA	NA	NA	NA		<5.0	0.4	6.3	1.2	<20.0
Ammoniacal Nitrogen	mg/L	NA	NA	NA	NA		<0.5	40.0	19.4	43.3	<45.0

Notes:

- (a) Malaysia's Standard B under Environmental Quality (Industrial Effluents) Regulations 2009.
 (b) Philippines' Water Quality Guidelines and General Effluent Standards (DENR Administrative Order no 2016-08).
 (c) China's Integrated Wastewater Discharge Standard (GB8978-1996).
 (d) Since FY2021, the wastewater discharged for our operation in Philippines is treated by a licensed third-party service provider, Clark Water Corporation. No non-compliance case was observed.
 (e) The Department of Environment assesses that temperature is not critical parameter as Inari does not have any process that will discharge hot water.

Water Security and Water Stress Management

Presently, our operations are not located in water stress areas. The water consumed within our operations in Malaysia, Philippines and China, is primarily fresh water supplied by respective local licensed water service providers, namely Perbadanan Bekalan Air Pulau Pinang, Clark Water Corporation, Philippines and Kunshan Water Supply Group Co., Ltd., China. The respective local water service providers will provide water tanker supply in the event of any disruption of supply. As of to date, we do not have major water disruptions issue within our operations. However, we remain vigilant to monitor the impact of water security on our operations as an integral part of our risk management strategy. Recognizing water's crucial role in our processes and communities, we track its availability, quality, and potential disruptions. By doing so, we ensure business continuity, uphold environmental responsibility, and contribute to the resilience of local water resources.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - Caring for our Planet (cont'd)

WASTE MANAGEMENT

Our commitment to effective waste management is a cornerstone of our Environmental Policy. We are committed to reducing waste generation and minimising the consumption of natural resources. We follow the **3R Program** – “Recovery, Re-use, Recycle” to handle waste from our operations. We train employees, including new hires, on this approach. Our waste is sorted, recovered, and recycled, with skilled local contractors converting it into reusable materials. We carefully choose these contractors through a stringent selection and auditing process, focusing on electronics and scheduled waste recycling. In addition, we engaged reputable and licensed local waste recovery contractors with expertise in recycling electronics and scheduled waste, to recycle the waste into usable and re-usable forms. The waste recovery contractors are selected through a rigorous selection and audit process.

Inari's 3R Programme

3R Programme	Methodology
Recovery	<ul style="list-style-type: none"> Invest in Industrial Effluent Treatment System Increase efficiency in extracting pollutants Ensure cleaner waste discharged to the environment Provide recycle bins in strategic locations
Re-use	<ul style="list-style-type: none"> Collaborate with licensed hi-tech waste recycling contractor Increase waste re-use proportion Re-use of carton box Re-use of plastic tray and reel
Recycle	<ul style="list-style-type: none"> Collaborate with licensed hi-tech waste recycling contractor
Disposal	<ul style="list-style-type: none"> Minimise the mass ended up in landfill

3R Waste Management Approach



Our waste management approach also includes organic and non-organic waste chemicals. The organic waste chemicals are converted into raw materials for pesticides and water treatment solutions, while the non-organic waste chemicals are broken down to produce alcohol, thinner and solutions used by other industries. The table below presents the sample list of production waste which recovers, re-uses and recycles.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**WASTE MANAGEMENT** (cont'd)

Production Waste	3R Program	Recycled Products
Electronic waste	Recovery	Precious metal recovery (gold, nickel & copper)
Metal sludge	Recovery	Heavy metal extraction
Spent lubricating oil	Recovery	Industrial lubricating oil
Waste of non-halogenated organic solvent	Recovery	Recycled solvent (propanol, pesticide & coagulant)
Contaminated container	Re-use	Cleaned container
Contaminated rags and gloves	Re-use	Reuse as low-grade rags & gloves
Plastic scrap	Recycle	Plastic pallet for consumer product
Metal waste	Recycle	Precious metal (iron & aluminium bar)
Solder waste	Recycle	New solder wire

At Inari, we also aim to reduce the consumption of new material. These initiatives have contributed to cost savings and allow effective use of materials. We recorded an increase in the recycling and re-use tonnage over the years, derived mainly from:

- Re-use of packaging carton when shifting material and semi-finished goods for inter-warehouse and inter-production floor transfer; and
- Increase the use of recycled plastic trays in our plants rather than reels for material and semi-finished products for inter-production line transfer.

The following table discloses our total waste generated, comprising both hazardous and non-hazardous waste across our operations in Malaysia, Philippines and China.

Waste Generation	Unit	Malaysia			Philippines			China		
		FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Hazardous Waste ^(a)	MT	152.8	118.7	162.7	69.6	67.6	63.5	21.7	10.6	19.0
Non-Hazardous Waste ^(b)	MT	545.9	605.8	596.4	179.9 ^(c)	121.8 ^(c)	147.0 ^(c)	48.9 ^(c)	40.8 ^(c)	54.9 ^(c)
Total Waste Generated	MT	698.7	724.5	759.1	249.5	189.4	210.5	70.6	51.4	73.9

Notes:

(a) Hazardous waste covers chemicals, organic and inorganic compounds.

(b) Non-hazardous waste covers paper, plastic, metal and general waste.

(c) Operations in Philippines and China cover paper and carton box consumption only.

SUSTAINABILITY STATEMENT

cont'd

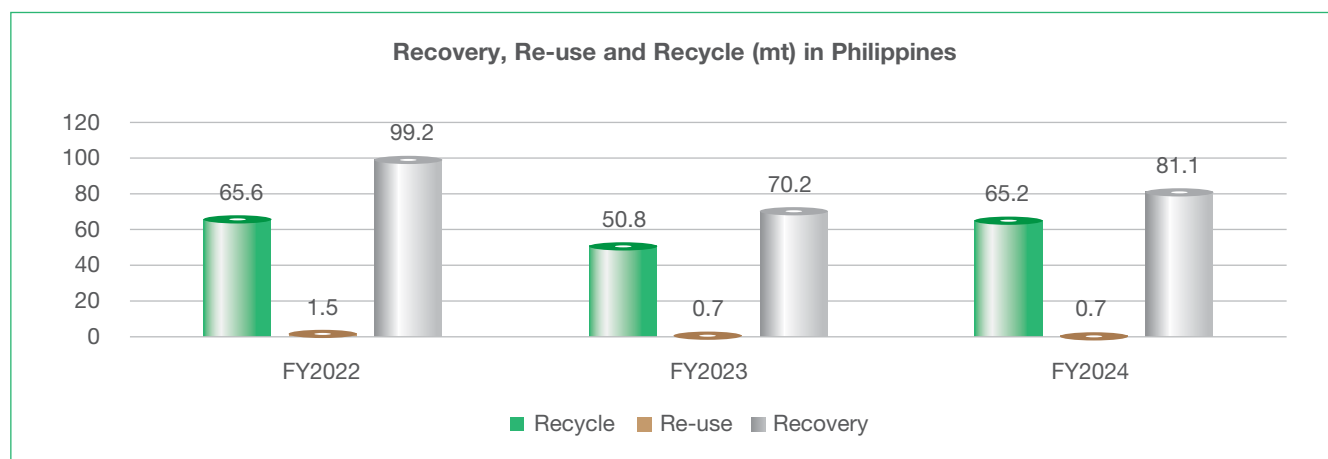
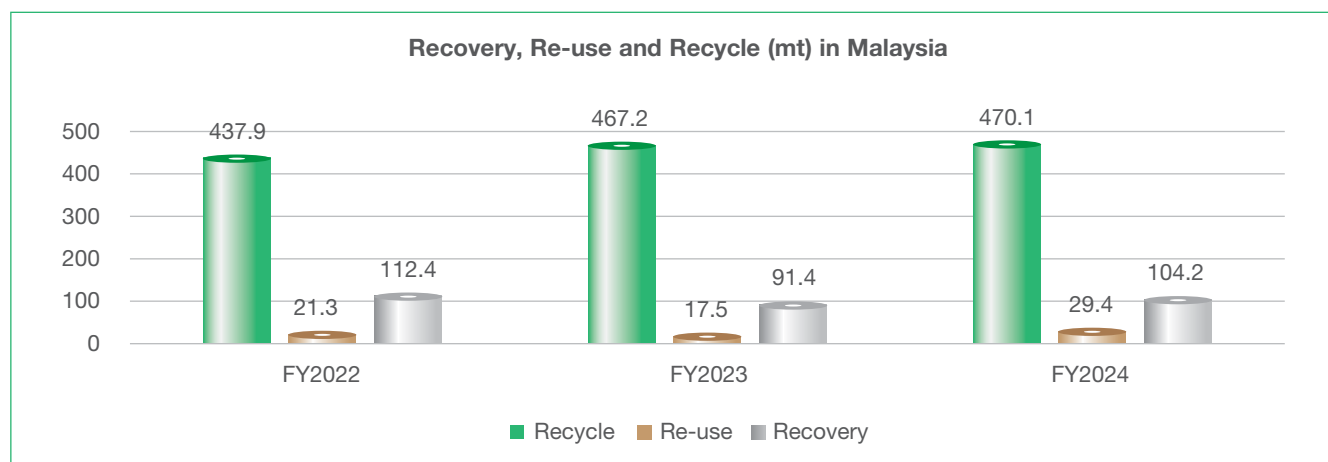
ENVIRONMENT - Caring for our Planet (cont'd)

WASTE MANAGEMENT (cont'd)

The following table discloses the waste diverted from and to disposal, across our operations in Malaysia, Philippines and China.

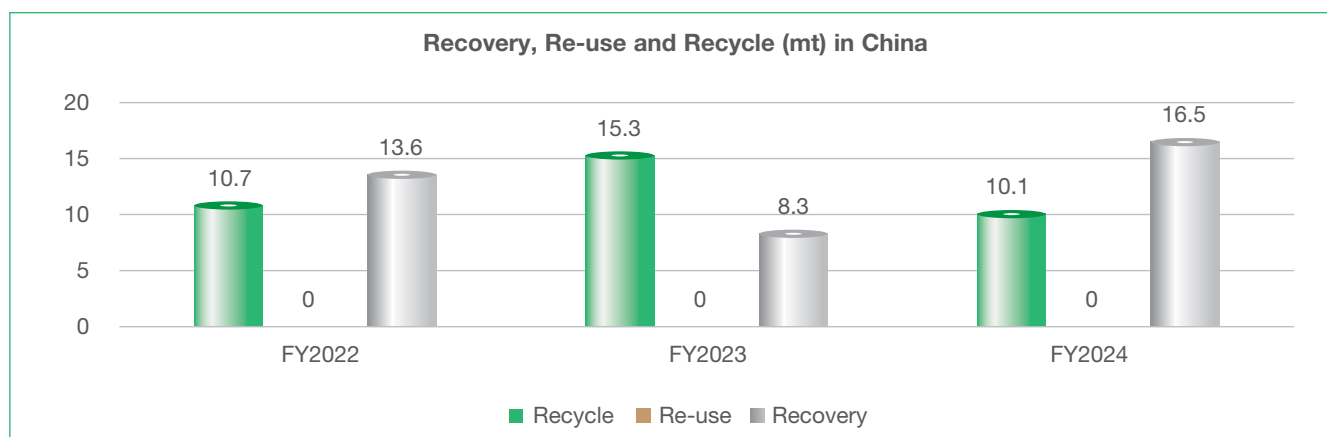
Waste Generation	Unit	Malaysia			Philippines			China		
		FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Diverted from Disposal	MT	571.6	576.1	603.7	166.3	121.7	147.0	24.3	23.6	26.6
Directed to Disposal	MT	127.1	148.4	155.4	83.2	67.7	63.5	46.3	27.8	47.3
Total Waste Generated	MT	698.7	724.5	759.1	249.5	189.4	210.5	70.6	51.4	73.9

The following chart discloses our 3R rates (total waste diverted from disposal), across our operations in Malaysia, Philippines and China.

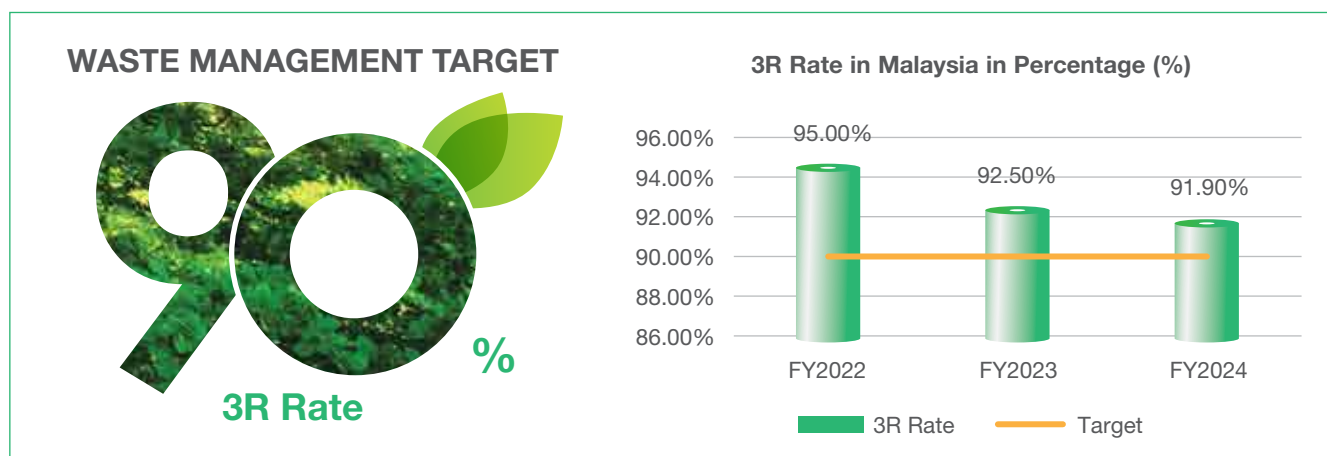


SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT - *Caring for our Planet* (cont'd)**WASTE MANAGEMENT** (cont'd)

In Malaysia, we have set our production waste management target with the aim of achieving 90% of 3R rate. The following charts present our 3R Programme performance at our Malaysia operating site.



The implementation of “No Plastic Day” occurs every Monday, Wednesday, and Friday at our Penang plants. This initiative is part of our commitment to reducing plastic waste and promoting sustainable practices within our operations. By designating specific days for this initiative, we aim to foster a culture of environmental responsibility among our employees and contribute to a cleaner, more sustainable future.

PRODUCT STEWARDSHIP

Our stringent product stewardship initiatives ensure our manufacturing meets top-tier quality and safety standards throughout their life cycle. Our goal is to equip customers and stakeholders with valuable skills and high product quality.

Our production and product development adhere to European Union standards on hazardous substances.

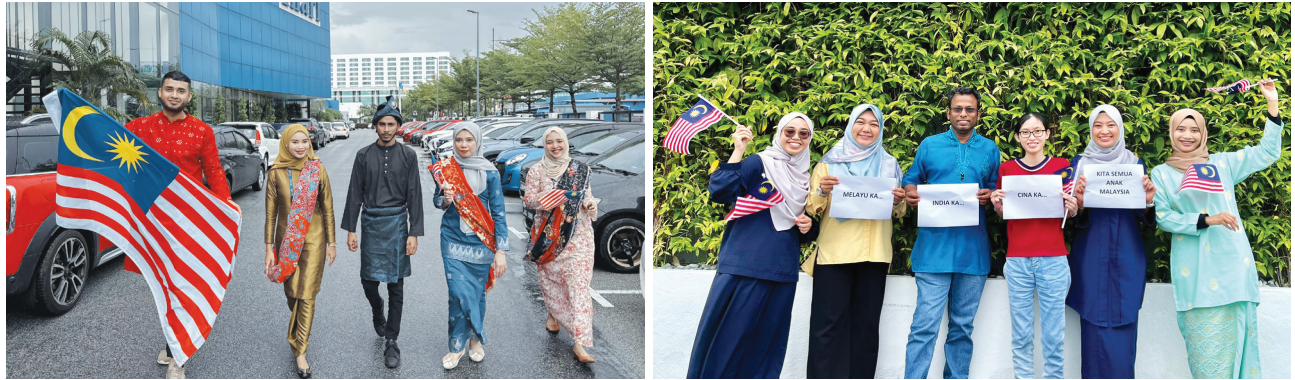
To comprehensively address environmental, safety, and health risks associated with our products and services, we conduct thorough evaluations. We collaborate closely with customers and suppliers, supporting research and development to monitor impacts and ensure product safety and sustainability. These assessments culminate in structured Safety Data Sheets, outlining product hazards, risks, and alignment with local regulations.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People

EMPLOYEE GENDER, DIVERSITY AND INCLUSION



We recognise the strength in having a diverse workforce and inclusive environment. As a part of our strategic priorities and corporate DNA, we build a fair culture of inclusiveness where employees are treated and valued equally regardless of age, race, gender, disability, nationality, religion and sexual orientation. We ensure that all our employees are treated with respect and dignity and are provided with a safe working environment.

Below are the examples of actions that we have implemented across our operations to improve workforce diversity, equal opportunities and reduce or prevent discrimination:

✓ **Anti-Discrimination Policy and Code of Business Conduct and Ethics**

We are committed to advancing workforce diversity and fostering equal opportunities while combating discrimination. Our dedication to combating discrimination is embedded in both our Anti-Discrimination Policy and our Code of Business Conduct and Ethics. Our Anti-Discrimination Policy ensures that all practices and interactions within our organisation adhere to principles of fairness, inclusion, diversity, equal opportunities, free of discrimination or harassment. This is complemented by our Code of Business Conduct and Ethics, which explicitly prohibit our directors and employees to engage in any form of sedition, discrimination, and harassment, including those which are made based on age, race, gender, disability, nationality, religion or sexual orientation. Together, these policies guide our commitment to maintaining a workplace that is respectful, inclusive, and free from discrimination and harassment.

✓ **Non-Discriminatory Recruitment Practices**

It is our policy that recruitment decisions are made based on our commitment to provide equal opportunity, we are not allowed to practise any discrimination or discriminatory business in recruitment whereby all job applications, job advertisements, job descriptions do not require, publish or state any information on race, colour, age, gender, sexual orientation, gender identity, ethnicity, disability and/or special needs, religion, political affiliation, union membership, national origin or marital status.

Our policy includes support for under-privileged groups, including those from deprived backgrounds, those with poor social status and those lack of formal education or qualifications. We are dedicated to offering employment opportunities to these groups, thereby supporting community inclusion and diversity.

SUSTAINABILITY STATEMENT

cont'd

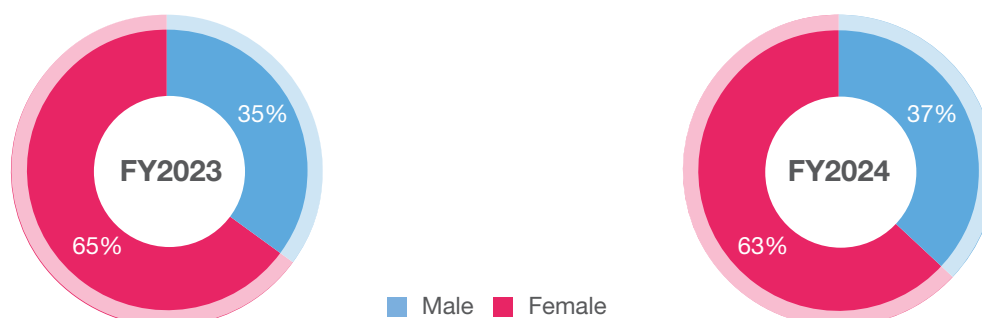
WORKPLACE - *Caring for our People* (cont'd)**EMPLOYEE GENDER, DIVERSITY AND INCLUSION** (cont'd)✓ **Equal Remuneration**

We are committed to ensuring that all employees receive equal remuneration for performing the same work or work of a similar nature, regardless of gender. Moreover, our payroll policy mandates that no employee shall be paid with less favourable rates compared to employees of the opposite sex for equivalent roles. In line with our commitment to equality, we have never made deductions to the remuneration rates of any employees, ensuring fair and non-discriminatory compensation practices.

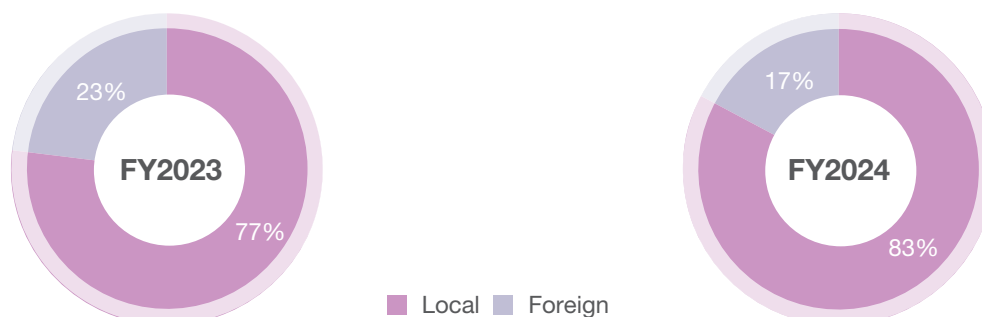
✓ **Accommodation for Employees with Disabilities**

We are dedicated to ensuring employees with disabilities and/or special needs are accommodated with special programs and accessibility mechanisms ensuring their safety and health remains prioritise during their employment terms. To promote inclusion, for example, we have created office space on the ground floor to assist those with health issues and difficulties climbing the stairs, demonstrating our commitment to inclusivity and avoidance, prevention or mitigation of human rights issues.

Distribution by Gender (%)



Distribution by Local and Foreign Employment (%)



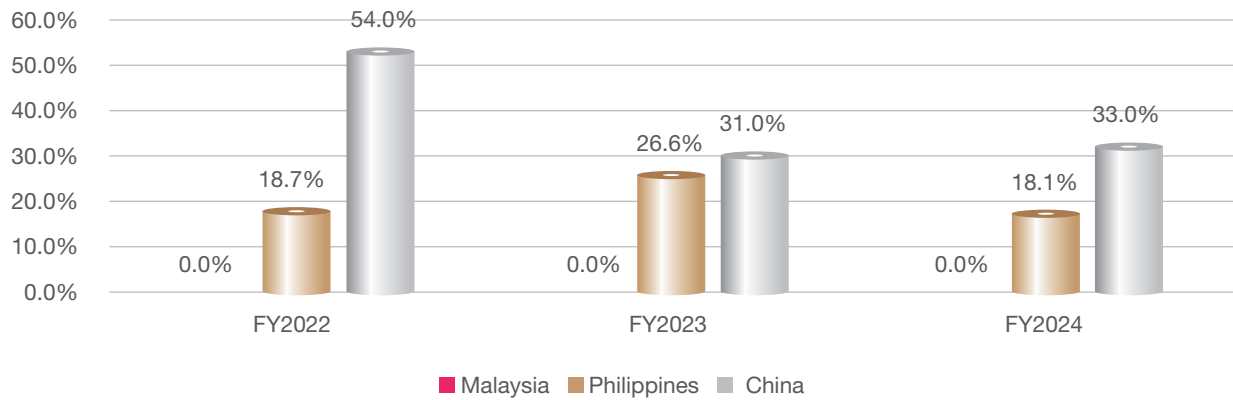
SUSTAINABILITY STATEMENT

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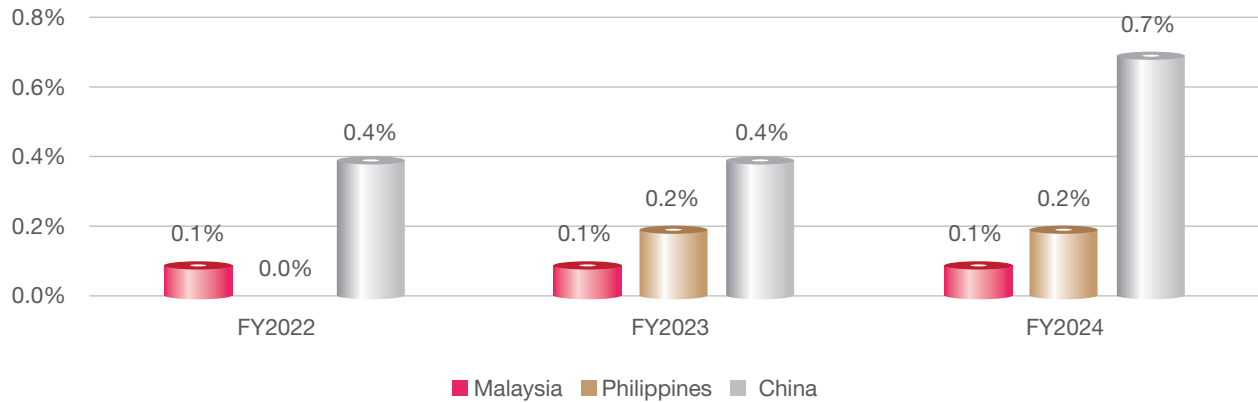
WORKPLACE - Caring for our People (cont'd)

EMPLOYEE GENDER, DIVERSITY AND INCLUSION (cont'd)

Percentage of Contractor or Temporary Staffs



Percentage of Disabled Staffs



Employee Distribution	Percentage (%)		
	FY2022	FY2023	FY2024
By Gender			
Male	40.0	35.0	37.0
Female	60.0	65.0	63.0
By Nationality			
Local	80.0	77.0	83.0
Foreign	20.0	23.0	17.0

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)**EMPLOYEE GENDER, DIVERSITY AND INCLUSION** (cont'd)

Employee Distribution	Percentage (%)		
	FY2022	FY2023	FY2024
Contractors or Temporary Staff			
Malaysia	0.0	0.0	0.0
Philippines	18.7	26.6	18.1
China	54.0	31.0	33.0
Group	11.1	8.8	6.7
Disabilities			
Malaysia	0.1	0.1	0.1
Philippines	0.0	0.2	0.2
China	0.4	0.4	0.7
Group	0.1	0.1	0.1
By Age			
≤30	64.2	66.3	64.1
31-50	32.0	30.0	31.6
≥51	3.8	3.7	4.3
By Employee Category			
Manager and above	2.3	2.1	2.3
Executive	9.0	9.0	9.5
Non-executive (indirect labour)	26.2	26.3	28.5
Non-executive (direct labour)	51.4	53.8	53.0
Agency (direct labour)	11.1	8.8	6.7
Director Distribution			
	Percentage (%)		
	FY2022	FY2023	FY2024
By Gender			
Male	90.0	91.7	91.7
Female	10.0	8.3	8.3*
By Age			
≤30	0	0	0
31 - 50	0	0	0
≥51	100	100	100

* Dr. Tunku Alina Binti Raja Muhd Alias is appointed to the Board with effect from 27 August 2024.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

EMPLOYEE GENDER, DIVERSITY AND INCLUSION (cont'd)

Employee Turnover	Headcount (pax)		
	FY2022	FY2023	FY2024
By Employee Category*			
Manager and above	13	24	19
Executive	106	99	80
Non-executive (indirect labour)	432	408	290
Non-executive (direct labour)	809	525	681

* Excluding interns and short-term contract workers.

Employee Turnover Rate	Percentage (%)		
	FY2022	FY2023	FY2024
Group*	18.1	26.3	24.9

* Excluding interns and short-term contract workers.



International Woman's Day Celebration (Malaysia)

Among our workforce of dedicated employees, 63% comprises women, underscoring our commitment to gender diversity. Our reliance on foreign workers has been prudently maintained at a lower level of 17% this year, reflecting our commitment to local employment. As we commit to embrace inclusivity within a diverse workforce, we translated our policy on labour standards into several languages to facilitate greater understanding and communication. For our operations in China and Philippines, 99.5% of our employees comprise of local hires.

In FY2024, employees with disabilities constituted 0.1% of our total workforce while contractors and temporary employees represented 6.7% of our total employee base.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)**EMPLOYEE GENDER, DIVERSITY AND INCLUSION** (cont'd)

In FY2024, employees turnover has slightly increased by 14 headcounts as compared to FY2023. We remained committed to foster employees' growth and attract new talents to contribute to the success of the Group. This strategic approach ensures that we have the right people in place to seize opportunities and navigate challenges effectively, positioning us for continued growth and innovation.

EMPLOYEE DEVELOPMENT AND TALENT RETENTION

We value continuous learning for our employees' personal and professional advancement. Through diverse professional development, training, and programs, we elevate Group-wide performance and quality standards. It is imperative we invest in the capabilities of our employees to remain at the forefront of innovation.

Our approach involves a human capital management development framework that encompasses the following:

- Management Talent Development Programmes
- Supervisory Level Development Programmes
- Technical Engineering and I4.0 Upskilling Programmes
- Machine Operation Training, Supplier Responsibility Compliance, Electrostatic Discharge Rules and Environment, Health & Safety Practices

Below we summarise the types of training and development programmes conducted at Inari.

Orientation

We ensure that all new employees understand the corporate activities, values and business unit performance-based culture by undergoing the orientation programme, held within the first week of their commencement. Topics including corporate culture, organisational structure, safety and health, overview of career paths, benefit plans, administrative procedures, key corporate policies and procedures will be shared. They are also instructed about the importance of the Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, as well as the Whistleblowing Policy and Procedures.

Onboarding Training

The onboarding training is prepared by respective department leaders to focus on departmental goals and in engaging employees with the overall company objectives. The purpose of the training is to address employee needs and provide them with easy access to information and skills needed to deliver their job efficiently.

Mandatory Training

As Inari operates in specific industrial areas, we ensure that employees are prepared and trained on all applicable regulations. Mandatory training that employees are required to undergo are corporate governance, anti-bribery and corruption training, OSH training as well as environmental training.

Technical Skills Development Training

We conduct various training to develop employees' technical skills for the performance delivery including big data analysis, coding & programming, technical writing and database software. The necessary training is conducted regularly based on the latest industry developments to ensure employees knowledge and skill set are up-to-date.

Soft Skills Development Training

Soft skill training is conducted periodically to enable our employees to interact effectively with other people in the workplace. Topics covered in our soft skills training include presentation skill, communication skill, leadership skill, emotional intelligence, teamwork, and others.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (cont'd)

In FY2024, across all our operations, we have conducted a total of 87,936 hours of training, with an average of 14 training hours and 1.76 days per employee. Tables below show our training hours (excluding on-the-job training) for FY2024.

Total number of training hours	FY2022*	FY2023*	FY2024
By Gender			
Female	32,633	37,175	49,576
Male	24,192	33,957	38,360
By Employee Category			
Manager and above	2,123	3,145	5,544
Executive	12,592	17,752	27,481
Non-executive	42,110	50,235	54,911

* Restated due to scope adjustments.

Average number of training hours per employee	FY2022*	FY2023*	FY2024
By Gender			
Female	7	8	10
Male	15	17	21
By Employee Category			
Manager and above	17	24	39
Executive	25	31	46
Non-executive	9	9	10
By Training Types			
Orientation	23,232	25,391	22,024
Mandatory, technical skills & soft skills	33,593	45,741	65,912

* Restated due to scope adjustments.

Average training hours per employee	No. of hours*
FY2022	10
FY2023	11
FY2024	14

* Restated due to scope adjustments.

Average training days per employee	No. of days
FY2022	1.28
FY2023	1.42
FY2024	1.76

SUSTAINABILITY STATEMENT




cont'd

WORKPLACE - *Caring for our People* (cont'd)**EMPLOYEE DEVELOPMENT AND TALENT RETENTION** (cont'd)**Compensation and Benefits**

We recognise that Inari's success is driven by a committed workforce, and therefore we strive to empower employees through a supportive corporate culture that ensures their well-being is taken care of. We comply with the standard minimum wage laws within each country we operate in, with a minimum entry level wage to minimum wage ratio of 1:1. To support living wage, we often go beyond the minimum wage threshold and take pride in valuing our employees by offering wages that exceed the mandated threshold for minimum wage. In addition to providing our employees with fair remuneration packages, we also provide eligible employees to receive remuneration in the form of share options as stipulated in our Employees' Share Option Scheme and performance bonus. Benefits, promotions, recognition, rewards and increments are solely based on the employee's performance and merit, where 100% of our employees received a performance review. We ensure the salary scale is benchmarked on a periodic basis against industry peers to compensate and reward our employees fairly.

We have introduced an Employee Privilege Program, which partners with local hotels, personal care services and restaurants to provide our employees with exclusive discounts and benefits. This initiative not only enhances our employees' experience but also strengthen our local business community.

The following are some of the benefits and privileges provided to our employees.

Insurance/Medical Coverage	In-house Facilities	Employees with Special Needs
		
<ul style="list-style-type: none"> ■ Executive health screening ■ Free medical attention and treatment by medical practitioner duly appointed by Inari ■ Hospitalisation scheme extended to the employees' family or dependents ■ Outpatient medical benefits extended to employees' family or dependents ■ Personal accident, hospitalisation and term life insurance coverage to permanent employees ■ Social insurance 	<ul style="list-style-type: none"> ■ Car parking space ■ Hostel for operators ■ Personal lockers ■ Prayer rooms ■ Transport services ■ 24-hour canteen 	<ul style="list-style-type: none"> ■ Dedicated mother's nursing room ■ Dedicated parking spaces for disabled employees ■ An office space at ground floor to cater for health issues and disabled employees ■ Sickbay for sick employees

HUMAN AND LABOUR RIGHTS

Inari are committed to respect and support the protection of internationally proclaimed human rights by adopting our key customer's Code of Conduct and Human Rights Policy that is based on internationally recognised human rights as set out in the United Nations' International Bill of Human Rights, the International Labour Organisation's Declaration on the Fundamental Principles and Rights at work as well as the UN Guiding Principles for Business and Human Rights ("UNGPs"). In line with this, Inari's employment practices uphold its belief for fair employment, and therefore is committed to protecting the human and labour rights of all our employees.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)

HUMAN AND LABOUR RIGHTS (cont'd)

Our actions implemented to avoid, prevent, and mitigate human rights issues include, but are not limited to, the following:

✓ **Dedicated resources to oversee human rights matters**

The Board of the Group has the oversight responsibility to ensure respect for human rights. In addition, the day-to-day responsibilities and resources to ensure respect for human rights have been assigned to Human Resource ("HR") department. Our HR department oversee all issues regarding human rights, forced and child labour and ensures protection of our employees' rights. They are responsible for implementing and making sure that our operations comply with regulations mandated by the Department of Labour.

✓ **Established policy**

Our Company policy on labour standards is translated into relevant languages such as Bahasa Malaysia, Bahasa Indonesia and Chinese to promote better understanding. We highlight the following clauses in our Human Resource Policy:

- Humane Treatment and Non-discrimination
- Zero Tolerance to Harassment
- Respect Human Rights
- Freedom of Association and Collective Bargaining
- Availability of Grievance Channel
- Child Labour and Forced Labour Prohibition aligned with International Labor Organization (ILO) - Minimum Convention Age
- Working hours do not exceed the maximum set by local law
- Wages and benefits comply with all applicable wage laws
- Occupational Safety and Health
- Anti-Corruption and Bribery

In alignment with our dedication to ethical practices, we have integrated the Children's Rights and Business Principles into our Supplier Code of Conduct. This Code mandates that our suppliers uphold the protection of human rights, explicitly prohibiting forced labour and child labour. By embedding these principles into our supply chain management, we reinforce our commitment to responsible and ethical practices, ensuring that all partners adhere to the highest standards of human rights protection.

✓ **Training and communication**

Annually, we conduct a minimum of two training sessions focused on social responsibilities, including human rights, in February and August with support from our in-house Training department. For direct labour, these sessions are conducted in person, while indirect labour and above participate in online training. At the conclusion of each session, employees complete an assessment to ensure effective understanding of our human rights policies. Additionally, we include social responsibility requirements in our onboarding training for new hires and conduct refresher training on an annual basis. To further raise awareness, we broadcast information via television in canteens and display posters throughout our facilities. We also provide a toll-free hotline for employees to address grievances and have a Whistle Blowing Policy in place to support transparency and accountability.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)**HUMAN AND LABOUR RIGHTS** (cont'd)✓ **Training and communication** (cont'd)

Our managers are trained to handle reports and instances of bullying and harassment.



Training and communication to employees

Our training and communication extend beyond our employees, we also conduct periodic supplier responsibility training to our suppliers, ensuring they are equally well-versed and aligned with our values and expectations.



Training and communication to suppliers

✓ **Ongoing assessment**

Risk assessment related to potential labour issues is an integral part of our due diligence checklist for evaluating new operations or projects. Additionally, we proactively monitor and assess human rights risks continuously as part of our core business processes, with quarterly reviews conducted by our CSR committee. We also perform an annual Labour Risk Assessment to ensure ongoing compliance and address any emerging issues.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)

HUMAN AND LABOUR RIGHTS (cont'd)

✓ **Grievance management**

In our ongoing pursuit of open communication and continuous improvement, we facilitate various avenues for both internal and external stakeholders to express their opinions and ideas.

We have established whistleblowing mechanism, feedback channel and grievances systems to allow both internal and external stakeholders to report genuine cases of human and labour rights related issues, child labour, forced labour, discrimination, bullying and harassment. Our whistleblowing mechanism is designed to ensure that individuals can raise concerns without fear of retaliation. We guarantee the confidentiality of the whistleblower's identity, unless otherwise required by law or for the purpose of any proceedings by or against the Group. A violation of the confidentiality of information reported by any party privy to the information would constitute a misconduct by itself.

To further ensure a confidential and impartial channel, an independent third party oversees a dedicated toll-free hotline where employees can confidently raise any concerns or reports. Other avenues also include regular roundtable, small group meeting and town hall sessions held throughout the year which serve as mechanisms that allow our employees to engage with the Management directly on a wide range of topics, including labour issues or concerns they may have. In addition, we have implemented a feedback box to allow for suggestions and concerns, ensuring that every voice can be heard. Our open door policy further support this by encouraging employees to approach management at any time with their ideas, questions or issues.

In cases where any employee is identified for affected by human rights or labour issues, we are committed to provide appropriate remedies which including but not limited to compensating them for any losses and damages in accordance with the legal requirements.

✓ **Stakeholder engagement on human rights issues**

We conduct small group meetings dedicated to addressing human rights issues and implement corrective actions as necessary. These meetings enable direct engagement with stakeholders, ensuring that human rights issues are managed effectively and corrective measures are applied promptly. Key topics addressed include compliance with regulatory and customer requirements, such as implementing system controls to prevent employees from working beyond the hours permissible by the applicable rules and regulations. Additionally, we provide comprehensive training on sustainability requirements to all supervisors, ensuring they are fully informed and equipped to uphold these standards.

✓ **Dormitories management**

We ensure our workers, both local and foreign, are provided with adequate and safe accommodation with more space per individual as stipulated in the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446). The building facilities provided include a multi-purpose hall, canteen/ cafeteria, management office, reading and television room, security, mini-mart, common surau, among others. In June 2022, the Penang State Labour Office conducted an audit at the dormitory building and has certified our compliance to Section 24D(2) Akta Standard Minimum Perumahan, Penginapan dan Kemudahan Pekerja 1990 until 15 September 2025.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

HUMAN AND LABOUR RIGHTS (cont'd)

✓ Dormitories management (cont'd)



Dormitory building dedicated to employees (Penang, Malaysia)



Spacious dormitory rooms



Laundry facilities within the dormitory



Common area within the dormitory building with various amenities



Computer room

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)

HUMAN AND LABOUR RIGHTS (cont'd)

✓ **Dormitories management** (cont'd)



Training room



Clinic



Spacious and modern design dormitory rooms (China)

✓ **Child Labour and Forced Labour Prevention and Prohibition**

At Inari, we do not tolerate or condone any use of child labour or forced labour. We actively enforce policies that promote fair labour standards and continuously strive to create a safe and supportive work environment. We comply fully with the regulations and local laws of the countries we operate in. We practice free employment market and ensure all hirings are on voluntary basis.

We are deeply committed to ongoing stakeholder engagement and consultation with regulators on critical human rights issues. In line with this commitment, in August 2023, our representative from HR department attended the Malaysian Employment Laws Conference 2023 ("MELC 2023"). MELC 2023 is the foremost platform for HR practitioners across Malaysia to come together and discuss the latest trends and challenges impacting the industry. Bringing together influential leaders and experts from diverse sectors, the conference provided valuable insights that are vital for advancing business practices, particularly in areas of industrial relations and future trends. Key topics addressed at the conference included workplace harassment and discrimination, mental health in the workplace, updates on employment and trade union law, the growing impact of ESG considerations, and practical courtroom insights. By participating, we are better equipped to enhance our internal policies and practices to foster a respectful and inclusive workplace while staying ahead of emerging regulatory trends.

Our Code of Business Conduct and Ethics prohibits the use of forced labour, human trafficking and exploitative child labour and we expect suppliers and/or vendors to respect this principle. As stipulated in the Supplier Code of Conduct, Inari reserves the right to terminate its trading agreement if the supplier is unable to demonstrate his commitment to this policy. Additionally, it is our policy that we will verify the valid and appropriate age verification documentation to avoid hiring of underage labours. All members of HR department were also being briefed on the minimum age for hiring, appropriate age documentation and verification systems. In addition, we also established an anonymous reporting flow for all employees to report the existence of underage workers, if any, at the facility. We have established several mechanisms for employees to report grievances and facilitate open communication between management and employees, regarding their grievances which include child and forced labour issues. There were zero cases reported for child labour or forced labour, discrimination, or grievances on human rights since our incorporation.

✓ **Fair Treatment in Managing Foreign Labour**

We only employ foreign workers with complete legal work permits. At Inari, we strictly prohibit the unlawful withholding of wages, passports, or other personal documents. We do not require them to lodge any form of monetary deposits as a condition of employment and no recruitment fees are charged back to the workers. We abide strictly to the law of minimum wages and that wage deduction will not imposed as disciplinary measure. Our foreign workers are given a contract of employment and are entitled to similar benefits as local employees as stated in our Wages, Benefits and Contracts Policy. Furthermore, we ensure that foreign workers are aware of their entitlements by communicating with them in their local language for better understanding.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)**HUMAN AND LABOUR RIGHTS** (cont'd)✓ **Freedom of Association and Collective Bargaining**

It is our policy that we shall respect workers' lawful rights and freely allow workers to form or participate in organisations of their choosing, including but not limited to unions, worker committees, or other worker associations, and bargain collectively without interference, discrimination, retaliation, or harassment.

✓ **Working Hours and Rest Period**

Our dedication to upholding employee well-being is reflected in our commitment to provide reasonable work hours and ample rest periods, ensuring full adherence to local regulatory mandates. Our employees are entitled to annual leave, sick leave, marriage leave, bereavement leave and maternity leave. Our working hours strictly adhere to the local rules and regulations, ensuring full compliance with labour laws. Furthermore, we are dedicated to upholding the rights of our employees, ensuring that all our employees are entitled to all public holidays gazetted by the local government.

We have established mechanisms to ensure that our employees receive sufficient rest period and do not work excessively. These measures include implementation of system hard blocks that prevent employees work beyond the allowable hours. For employees with standard working hours, we offer flexible working hours to support work-life balance. These initiatives are designed to promote employee well-being and ensure that work hours remain within healthy and manageable limits.

**OCCUPATIONAL SAFETY AND HEALTH ("OSH")**

In safeguarding the well-being of our employees, we are committed to stringent health and safety practices and a good work environment. The well-being of our employees is enhanced by the commitment of our management team at all levels and requires their close monitoring of the business units' safety performance. As we strive to achieve zero injuries and casualties at our production plants, safety awareness is essential to avoid accidents and prevent occupational illness.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

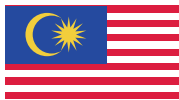
OCCUPATIONAL SAFETY AND HEALTH ("OSH") (cont'd)

OSH Policy

Inari provides a safe and healthy workplace for its employees, and therefore, has established an OSH Policy that is committed to:

- Making OSH a core value of everything we do;
- Having a risk-based process in place for the identification, classification and control of hazards and risks;
- Providing all employees, contractors and visitors with relevant information, operational controls and regular training on OSH requirements to enable them to conduct their activities safely;
- Providing a positive culture in which employees, contractors and visitors feel free to share their concerns about non-conformance, undesirable, unsafe situations or any OSH related issues;
- Implementing effective approaches to protect people from safety and health risks;
- Being fully transparent in the periodic reporting on OSH performance;
- Consulting and collaborating with employees and other stakeholders on OSH matters;
- Complying with all applicable laws and regulations which apply to our business.

In ensuring we provide a healthy and safe working environment, 100% of our operations are in compliance with the relevant OSH regulations or are ISO 45001:2018 certified.



100%
COMPLIANCE

Malaysia Occupational Safety and Health Act 1994



100%
COMPLIANCE

Philippines Occupational Safety and Health Standards



100%
COMPLIANCE

China ISO 45001:2018 certified

Incident Reporting and Investigation

To ensure proper management of safety and health issues at our plants, we implement a standard operating procedure for identification of any workplace hazards or risks and to develop control measures to minimise these risks from occurring. All employees, visitors and contractors are informed of our incident reporting platforms and are encouraged to report any risky or unsafe conditions to the supervisor.

01

Occurrence of accident/incident/ near miss/ unsafe condition

02

Inform supervisor

03

Inform Environment, Health and Safety "EHS" department/ First aid

04

Generate report of incident and communicate to management

05

Review report and corrective action plan implementation

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)**OCCUPATIONAL SAFETY AND HEALTH ("OSH")** (cont'd)**Incident Reporting and Investigation** (cont'd)

In the event of an incident or unsafe work condition occurring, an initial investigation will be carried out by the supervisor which they will report to the EHS department within 24 hours. Once the report has been reviewed by the EHS department, if necessary further investigation will be conducted and requests for corrective actions will be sent to the respective Area Manager to develop and implement the next steps for preventing recurrence. Where applicable, the Head of Department and HR department may take the appropriate disciplinary action for those involved in unsafe acts or conditions. Management periodically reviews opportunities for continual improvement when necessary.

OSH Awareness Training

Safety is paramount at Inari. We prioritise comprehensive employee training in safety protocols and regularly conduct drills to bolster awareness and skills. Our OSH training aligns with regulations, ensuring employees possess the necessary competencies to work securely. The types of training conducted include incident management, hazard management, as well as emergency preparedness and response. During this reporting period, all employees attended trainings or refresher courses on safety and health.

These trainings include:

	Hazard Prevention and Control Awareness		Basic Occupational First Aid
	Safety of Equipment Handling		Fire Safety Training and Drills
	Chemical Safety Training		Lift Truck/Forklift Safety Training
	Electrical Safety Awareness		Incident Management

Number of staffs trained on health and safety standards for the past 3 years as shown below:

Number of Staffs trained on Health and Safety Standards	Unit	Malaysia	China	Philippines*	Group
FY2022	Number	1,451	480	887	2,818
FY2023	Number	1,906	356	727	2,989
FY2024	Number	2,791	325	1,214	4,330

* Restated due to scope adjustments.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

OCCUPATIONAL SAFETY AND HEALTH ("OSH") (cont'd)

Managing OSH Performance

Our OSH committee is responsible for monitoring, recording and reporting the Group's occupational safety, health and environment performance. They also report on measures carried out towards the prevention of accidents. Through our stringent efforts, we have successfully managed to record zero case of occupational fatality or work-related illnesses within the Group. OSH committee is responsible for Risk Assessment regarding health and safety for existing operations and plants as well as potential new operations or projects as part of the due diligence process.

Our continuous efforts aim to:

- Limit the number of incidents at the workplaces;
- Perform evacuation exercises in facilities with difficult escape paths;
- Improve hazard control, notably in hazardous chemical work areas; and
- Improve the safety of equipment or activities, with a special emphasis on lifelines.

Our target is zero workplace injury incidents and below is our performance over the past 3 years:

Injury Type/Rate	Unit	FY2022	FY2023	FY2024
Malaysia				
Number of injury incidents	number	1	1	6
Number of fatalities	number	- (b)	- (b)	- (b)
Number of work-related illnesses	number	- (b)	- (b)	- (b)
Number of worked days lost	days	2	21	29
Incident rate ^(a)	rate	0.27	0.23	1.36
Frequency rate ^(a)	rate	0.10	0.09	0.49
Severity rate ^(a)	rate	0.20	1.86	2.39
Fatality rate ^(a)	rate	- (b)	- (b)	- (b)
Lost Time Injury Frequency ("LTIF") ^(a)	rate	0.10	0.09	0.49
Philippines				
Number of injury incidents	number	4	4	1
Number of fatalities	number	- (b)	- (b)	- (b)
Number of work-related illnesses	number	- (b)	- (b)	- (b)
Number of worked days lost	days	4	4	5
Incident rate ^(a)	rate	2.24	1.70	0.56
Frequency rate ^(a)	rate	0.81	0.62	0.22
Severity rate ^(a)	rate	0.81	0.82	1.12
Fatality rate ^(a)	rate	- (b)	- (b)	- (b)
Lost Time Injury Frequency ("LTIF") ^(a)	rate	0.81	0.82	0.22

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)**OCCUPATIONAL SAFETY AND HEALTH ("OSH")** (cont'd)**Managing OSH Performance** (cont'd)

Injury Type/Rate	Unit	FY2022	FY2023	FY2024
China				
Number of injury incidents	number	1	- (b)	- (b)
Number of fatalities	number	- (b)	- (b)	- (b)
Number of work-related illnesses	number	- (b)	- (b)	- (b)
Number of worked days lost	days	5	- (b)	- (b)
Incident rate ^(a)	rate	2.10	- (b)	- (b)
Frequency rate ^(a)	rate	0.80	- (b)	- (b)
Severity rate ^(a)	rate	4.00	- (b)	- (b)
Fatality rate ^(a)	rate	- (b)	- (b)	- (b)
Lost Time Injury Frequency ("LTIF") ^(a)	rate	0.80	- (b)	- (b)
Overall				
Number of injury incidents	number	6	5	7
Number of fatalities	number	- (b)	- (b)	- (b)
Number of work-related illnesses	number	- (b)	- (b)	- (b)
Number of worked days lost	days	11	25	34
Incident rate ^(a)	rate	1.01	0.77	1.07
Frequency rate ^(a)	rate	0.37	0.29	0.40
Severity rate ^(a)	rate	0.67	1.46	1.94
Fatality rate ^(a)	rate	- (b)	- (b)	- (b)
Lost Time Injury Frequency ("LTIF") ^(a)	rate	0.37	0.29	0.40

Notes:

(a) Rates are calculated based on the formulas as follows:

Incident Rate	No. of accidents/average no. of employees x 1000
Frequency Rate	No. of accidents/total man-hours worked x 1,000,000
Severity Rate	No. of worked days lost/total man-hours worked x 1,000,000
Fatality Rate	No. of fatalities/ average no. of employees x 1000
Lost Time Injury Frequency (refers to the loss of productivity associated with accidents or injury arising out of or in the course of work.)	No. lost time injuries/total man-hours x 1,000,000

(b) No cases reported.

Under Malaysia OSH Master Plan ("OSHMP25"), Department of Safety and Health ("DOSH") Malaysia has established a key target to reduce the incident rate, with specific goal of achieving an incident rate of 2.13 accidents per 1,000 workers by 2025. In FY2024, our operations in China continued to maintain a zero incident rate, while our operations in Philippines has indicated an encouraging reduction in its incident rate. Conversely, our operations in Malaysia saw an increase of incident rate to 1.36, which remains below the DOSH target of 2.13. We remain committed to implementing preventive and corrective actions to improve our safety performance across our operations.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

OCCUPATIONAL SAFETY AND HEALTH ("OSH") (cont'd)

Managing OSH Performance (cont'd)

Below is the summary of 7 minor injuries and corrective measures at our operations:

Type of Injury	Corrective Action	Preventative Action
Finger pinch (cut) at machine moving parts (Malaysia)	<ul style="list-style-type: none"> Brief employees on roles and responsibilities Generate Work Instruction for the machine and include list of safety points 	<ul style="list-style-type: none"> Only trained personnel are authorised and permitted to handle the job
Swollen right hand following a fall (Malaysia)	<ul style="list-style-type: none"> Replace anti-slip ESD rubber mat at the wet-process area 	<ul style="list-style-type: none"> Only trained personnel are authorised and permitted to handle the job
Head struck and cut (Malaysia)	<ul style="list-style-type: none"> Attach safety signage near machine with protruding parts 	<ul style="list-style-type: none"> Only trained personnel are authorised and permitted to handle the job
Toes injured by a falling object (Malaysia)	<ul style="list-style-type: none"> Upgrade of lifting equipment (gantry crane) 	<ul style="list-style-type: none"> Only trained personnel are authorised and permitted to handle the job
Hand cut after being struck by a tape cutter (Malaysia)	<ul style="list-style-type: none"> Establish and train on Work Instruction 	<ul style="list-style-type: none"> Only trained personnel are authorised and permitted to handle the job
Leg injured after falling into a box (Malaysia)	<ul style="list-style-type: none"> Attach safety signage to remind operators on correct procedures 	<ul style="list-style-type: none"> Rearrange the boxes to ensure they do not obstruct employee movement and maintain clear pathways
Laceration (Philippines)	<ul style="list-style-type: none"> Attach safety signage to the machine tool to clearly warn against touching or removing safety cover 	<ul style="list-style-type: none"> Redesign the tooling to incorporate additional safety features. Replace the pedal switch with a two press switch to enhance safety

For each incident occurred, we have conducted a root cause analysis investigation. Based on the findings, we then developed the necessary corrective actions and revised our preventative measures to avoid occurrence in the future.

We will continue to be vigilant and commit to safeguard the health and safety of our employees by enforcing tighter controls to mitigate possible safety risk identified.

EMPLOYEE WELFARE

Inari's strength is its workforce and we take great efforts to take care of the wellbeing of our employees. As such, we invest in the health and welfare of employees and are committed to producing a caring and supporting community.

Employee Wellness Activities

To further enrich our commitment to fostering a thriving work-life balance, at Inari, we place a paramount emphasis on maintaining the well-being of our employees. To this end, we have curated an array of diverse programs and engaging activities for employees to participate. The aim is not only to alleviate stress but also to cultivate an environment where positive relationships among co-workers flourish, nurturing a sense of unity and support. In pursuit of this mission, our employee sports clubs organise events such as weekly indoor fitness classes like yoga, or sports events such as bowling, volleyball, badminton and basketball tournament.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

EMPLOYEE WELFARE (cont'd)

Employee Wellness Activities (cont'd)



FTZ Badminton Tournament (Malaysia)



Futsal Tournament (Malaysia)



Cycling Program – Collaboration with Department of Environment ("DOE") (Malaysia)



Management Team Building (Malaysia)

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - Caring for our People (cont'd)

EMPLOYEE WELFARE (cont'd)

Employee Wellness Activities (cont'd)



Christmas Party (Philippines)



Flower Arrangement Workshop (China)



Run As One for Industrial Peace (Philippines)



Tug of War Competition (China)



Basketball Tournament (Philippines)

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE - *Caring for our People* (cont'd)**EMPLOYEE WELFARE** (cont'd)**Employee Engagement**

We conduct employee engagement surveys annually to gather feedback and understand the views of our employees at Inari. The surveys are collected by our Human Resource team which then help analyse areas where the Company can improve and identify any major concerns that our employees may have and how to address them accordingly.

As part of our ongoing commitment to employee engagement, we conduct an annual employee survey to gather valuable feedback. This year, the survey covers four key areas that are essential to fostering a positive and supportive workplace as below:

Human Rights and Labour Practices: Employees are asked about their sense of being heard, valued, and supported by their managers, teamwork within departments, work-life balance, and the effectiveness of communication channels.

Learning and Development: The survey explores opportunities for career growth, the availability of training, and whether feedback helps employees to develop professionally.

Compensation: Questions focus on the attractiveness and fairness of salaries and benefits, and how compensation has progressed over time.

Safety and Health: Employees provide feedback on the company's promotion of a healthy, safe, and secure work environment, and their understanding of safety regulations.

The insights gathered from employee survey help us continually improve the employee experience by addressing key areas of concern and opportunity.

Apart from employee engagement survey, we provide various mechanisms such as Festive Celebration Session and Employee Appreciation Dinner to enable engagement between employees and the Senior Management. In Inari, we foster employee engagement through a range of events designed to promote participation and interaction:

No.		Event
1	24th July 2023	Free Health Screening
2	15th August 2023	Mid-Autumn Festival Celebrations
3	24th September 2023	Trash Free Hill
4	14th October 2023	Futsal Tournament
5	15th October 2023	Badminton Tournament
6	2nd November 2023	Blood Donation Campaign (collaboration with Broadcom in view of their Health Week)
7	20th November 2023	Tree Are Life, Plant One
8	9th December 2023	Christmas Party
9	14th December 2023	Tug-of-War Contest 2023
10	22nd January 2024	IDL Team Building
11	16th February 2024	Valentine's Day Celebrations
12	6th March 2024	Amertron's Clean Up Drive
13	20th April 2024	Charis Hospice Charity Run 2024
14	23rd April 2024	2024 Labor Day Celebration Fun Run (organized by The Department of Labor and Employment)
15	10th - 11th May 2024	Team Collaboration: Building Collective Team
16	12th June 2024	Gotong Royong @ Taman Bandar Cassia
17	April - June 2024	Basketball Tournament

SUSTAINABILITY STATEMENT

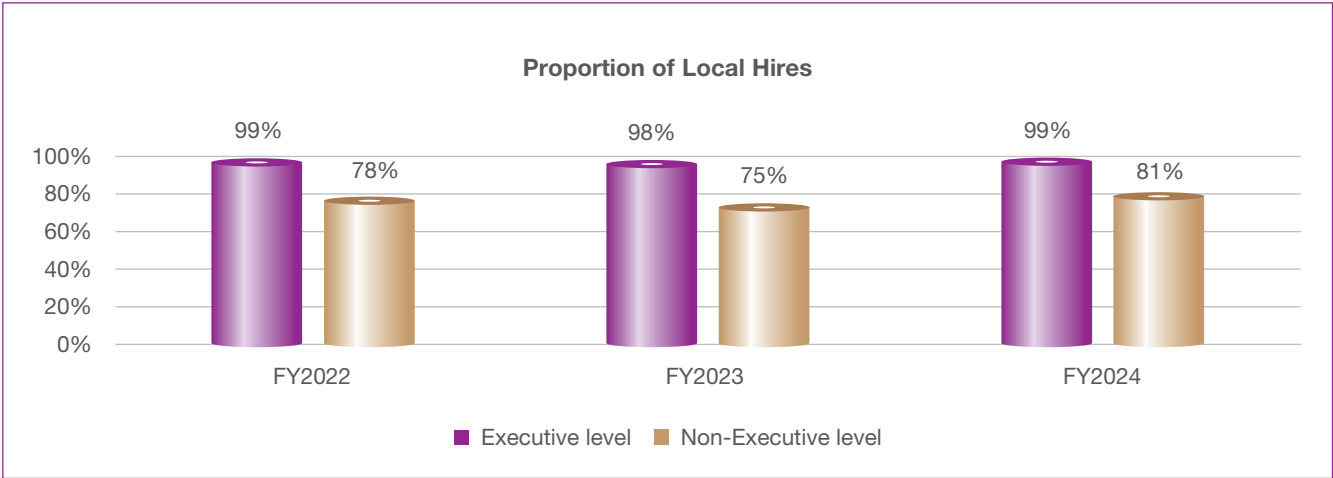
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LOCAL COMMUNITIES - Giving Back

Inari strives to be a responsible corporate citizen by giving back to the surrounding communities in which we operate and to create a positive impact in the long-term. Through our Corporate Social Responsibilities (“CSR”) initiatives including our internship programmes, we utilise our knowledge and experience to give back to communities.

Local Employment

In supporting the communities, we operate in, hiring local is a priority whenever possible to boost local economies and improve social well-being. Providing job opportunities is a valuable resource that we as a business can offer to enable people to reach their potential. Across our operations in Malaysia, Philippines, and China, we work to employ locally, especially at our production facilities. We have increasingly hired locally over the years as we recognise its importance.



Internship Programme

Our internship programme enables us to cultivate future talents by providing interns with the opportunity to gain skills and hands-on experience that will prepare them for future successes in their careers. Our internship programme commenced in FY2015 through the collaboration with various higher institutions and colleges in Malaysia to take in industrial interns to expose them to a working environment where they are able to apply the knowledge from the classroom to real-world experience. Since FY2015, we have offered this opportunity to a total of 5,837 interns.

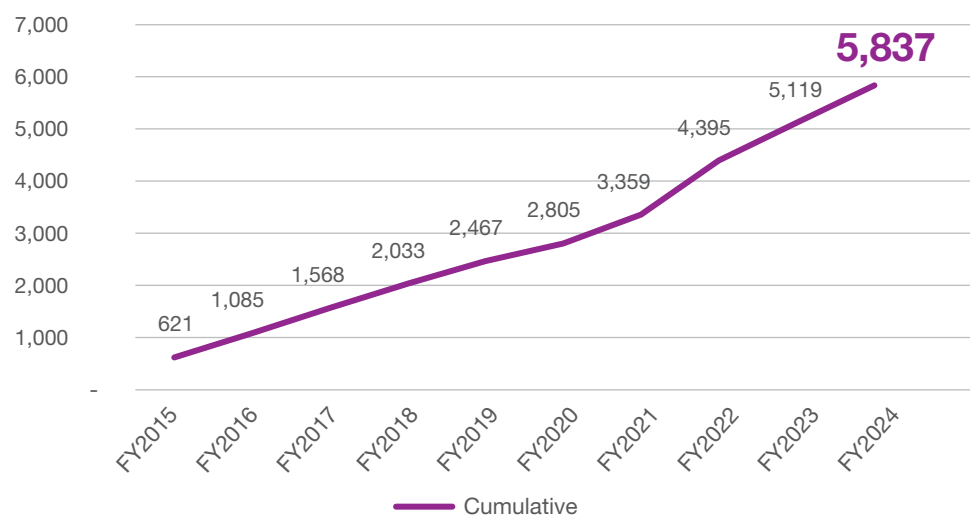
SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES - Giving Back (cont'd)**Internship Programme** (cont'd)

TalentCorp MySIP Appreciation Award – Top 5 highest number of internships offered

Total Number of Intern To-date



5,837
Interns hired
to date

SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES - Giving Back (cont'd)

Local Communities Development

We recognize the importance of contributing to the communities and align our efforts with our business strategy to create a meaningful impact. Our community investment initiatives include various contributions, donations, and CSR programs, all designed to support and uplift underserved local communities. Through our dedicated working committee, we organize CSR programs that focus on aiding indigenous communities and charitable institutions. Our focus is to address immediate needs, through food distribution and donation drives, thereby supporting everyday necessities and fostering stronger, more resilient communities. This approach not only enhances our social responsibility but also strengthens our community relations and aligns with our overall business objectives.

We have contributed a total of RM3.94 million both cash and in-kind since FY2018. In FY2024, we have contributed a total of RM167,005 cash and in-kind to more than 10 charities, non-profit organisation and education institutions across the region.

Total Volunteered Hours	No. of Hours
FY2022	14,990
FY2023	28,765
FY2024	27,805

Total Amount Invested in External Community	Amount (RM)
FY2022	237,340
FY2023	276,480
FY2024	167,005

To measure the output/outcome, results, achievements and benefits of our community investments, we quantify the total number of beneficiaries impacted by our initiatives as below:

Total Number of Beneficiaries of the Investment in Community	No. of Beneficiaries (in Entities)
FY2022	20
FY2023	27
FY2024	52

Below summaries our contributions this year for our CSR activities.



Sponsorship for primary school students of SJKC Pai Chai, Batu Feringhi

On 17 July 2023, Inari sponsored two columns of VGROW Indoor plant units to SJKC Pai Chai in Batu Feringhi, Penang to support their Reka Bentuk & Teknologi ("RBT") course. This initiative aims to raise awareness and educate students on sustainability and Agro STEM through modern farming practices.

SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES - Giving Back (cont'd)

Local Communities Development (cont'd)



Nature Learning Programme with SK Batu Feringhi Students at Entopia

On 24 August 2023, Inari sponsored 35 students from SK Batu Feringhi to participate in Entopia's Nature Learning Program. It has educated the students about environmental conservation and has helped them to foster a deeper appreciation for nature and inspired them to become responsible stewards of the environment.

Trash Free Hill 2023

On 24 September 2023, 40 Inari-ians participated in the Trash Free Hill 2023 event. This initiative aims to protect and preserve Penang Hill and its water catchment areas, as well as to raise public awareness about the importance of keeping Penang Hill clean and free of litter.



Penang International Science Fair 2023

On 25 and 26 November 2023, Inari was one of the sponsors and exhibitors at the Penang International Science Fair, organised by Penang Science Cluster. This event aims to promote STEM education, inspire innovation, and encourage young minds to explore careers in Science and Technology.



SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES - Giving Back (cont'd)

Local Communities Development (cont'd)



Sponsorship for Penang Digital Literacy Camp (PDLC) 3.0

On 22 December 2023, Inari sponsored 6 laptops for the Penang Digital Literacy Camp 3.0, organised by Tech Dome Penang. This initiative aims to expose students to the latest digital technologies and knowledge, helping to prepare them for future career opportunities.

Sponsorship for Charis Hospice Charity Run 2024

On 20 April 2024, 30 Inari-ians participated in the “Happy Feet Striding for Palliative Care” charity run, organised by Charis Hospice. The main objective of this event was to support Charis Hospice’s mission of providing free palliative home-care services for patients with advanced cancer and other life-threatening illnesses in Penang Island, irrespective of race and religion.



Sponsorship for STEM Showcase 2024

On 3 and 4 May 2024, Inari was one of the sponsors and exhibitors at STEM Showcase 2024, jointly organised by Tech Dome Penang, the Ministry of Science, Technology and Innovation (“MOSTI”), and UOW Malaysia KDU. This event aims to promote STEM education among pre-university students, teachers and parents.

SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES - Giving Back (cont'd)

Local Communities Development (cont'd)



Gotong Royong Program to clean the neighbourhood

On 12 June 2024, a total of 40 Inari employees participated in a gotong royong activity to clean the neighbourhood at Bandar Cassia, Batu Kawan.

Donation wheelchair to Clark Development Corporation (CDC)

On 18 August 2023, Amertron Inc. supported and donated medical and assistive equipment to those in need as part of the “Wheelchair and Saklay Kaagapay sa Bagong Buhay” program organised by Clark Development Corporation (“CDC”).

AMERTRON INCORPORATED



Donation of essential items to public schools

On 8 September 2023, Amertron Inc. supported the Balik Paaralan - Brigada Eskwela initiative by donating essential items to 4 schools. This support included provision of paint materials to enhance classroom environments and the donation of hygiene kits for the students.



SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES - Giving Back (cont'd)

Local Communities Development (cont'd)



Donation of essential items to Children's Home

On 16 January 2024, Amertron Inc. conducted its quarterly visit to Duyan ni Maria, a home for less fortunate children in Pampanga and surrounding provinces. During the visit, Amertron Inc. donated essential items to support the children's well-being.

Amertron's Clean Up Drive to clean the neighbourhood

On 6 March 2024, Amertron Inc. hosted the "Tapat ko, Linis ko" Clean Up Drive. The event was participated by our Emergency Response Team and volunteers from Amertron Inc., aimed at promoting cleanliness within Amertron and the surrounding Clark community.



SUSTAINABILITY STATEMENT

cont'd

PERFORMANCE DATA

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Manager and above	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-Executive	Percentage	92.00	97.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	237,340.00	276,480.00	167,005.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	20	27	52
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Manager and above 30 and below	Percentage	0.02	0.03	0.03
Manager and above Between 31-50	Percentage	1.62	1.36	1.44
Manager and above 51 and above	Percentage	0.65	0.67	0.78
Executive 30 and below	Percentage	3.47	3.60	3.79
Executive Between 31-50	Percentage	4.87	4.70	4.96
Executive 51 and above	Percentage	0.67	0.75	0.85
Non-Executive 30 and below	Percentage	60.70	62.61	60.27
Non-Executive Between 31-50	Percentage	25.55	23.96	25.18
Non-Executive 51 and above	Percentage	2.45	2.32	2.70
Gender Group by Employee Category				
Manager and above Male	Percentage	1.62	1.36	1.60
Manager and above Female	Percentage	0.67	0.70	0.66
Executive Male	Percentage	5.61	5.69	6.05
Executive Female	Percentage	3.40	3.35	3.55
Non-Executive Male	Percentage	32.30	28.10	29.44
Non-Executive Female	Percentage	56.40	60.80	58.70
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	90.00	91.70	91.70
Female	Percentage	10.00	8.30	8.30
30 and below	Percentage	0.00	0.00	0.00
Between 31-50	Percentage	0.00	0.00	0.00
51 and above	Percentage	100.00	100.00	100.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	117,146.60	122,049.32	131,316.99

SUSTAINABILITY STATEMENT

cont'd

PERFORMANCE DATA (cont'd)

Indicator	Measurement Unit	2022	2023	2024
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.07	0.06	0.08
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,818	2,989	4,330
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Manager and above	Hours	2,123	3,145	5,544
Executive	Hours	12,592	17,752	27,481
Non-Executive	Hours	42,110	50,235	54,911
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	11.10	8.80	6.70
Bursa C6(c) Total number of employee turnover by employee category				
Manager and above	Number	13	24	19
Executive	Number	106	99	80
Non-Executive	Number	1,241	933	971
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	51.00	78.00	59.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	754.491000	713.687000	666.133000

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
102-1	Name of the organisation	Company Corporate Structure	4
102-2	Activities, brands, products and services	Management Discussion and Analysis	28-39
102-3	Location of headquarters	Corporate Information	3
102-4	Location of operations	Management Discussion and Analysis	28-39
102-5	Ownership and legal form	Analysis of Shareholdings	257-259
102-6	Markets served	Management Discussion and Analysis	28-39
102-7	Scale of the organisation	Corporate Structure and Audited Financial Statements	4/177-254
102-8	Information on employees and other workers	Sustainability Statement – Employee Gender, Diversity and Inclusion, Employee Statistics	100-105
102-9	Supply chain	Sustainability Statement - Supply Chain Management	72-76
102-10	Significant changes to the organisation and its supply chain	Management Discussion and Analysis Sustainability Statement - Supply Chain Management	28-39 72-76
102-11	Precautionary principles or approach	Statement of Risk Management and Internal Control	166-171
102-12	External initiatives	Sustainability Statement – Our Sustainability Metrics and Targets Sustainability Statement – Local Community	50-51 122-128
102-13	Membership of associations	Sustainability Statement – Corporate Membership	48-49
102-14	Statement from senior decision-maker	Chairperson's Letter to the Shareholders	26-27
102-16	Values, principles, standards and norms of behaviour	Sustainability Statement – Our Sustainability Journey Thus Far Sustainability Statement – Our Sustainability Governance Corporate Governance Overview Statement	44 45-46 145-162
102-18	Governance structure	Profile of Directors, Profile of Key Senior Management Corporate Governance Overview Statement Sustainability Statement – Our Sustainability Governance	16-24 145-162 45-46
102-40	List of stakeholder groups	Sustainability Statement - Stakeholder Engagement	53-55
102-41	Collective bargaining agreements	Inari does not have collective bargaining agreements. However, it is stated in our Human Resource Policy that all employees have the rights to form and join organisation of their choice. Sustainability Statement - Human and Labor Rights	108 107-113
102-42	Identifying and selecting stakeholders	Sustainability Statement - Stakeholder Engagement	53-55
102-43	Approach to stakeholder engagement	Sustainability Statement - Stakeholder Engagement	53-55

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
102-44	Key topics and concerns raised	Sustainability Statement - Stakeholder Engagement, Materiality Assessment, Our Sustainability Strategy	48 53-58
102-45	Entities included in the consolidated financial statements	Audited Financial Statements	177-254
102-46	Defining report content and topic boundaries	Sustainability Statement – Reporting Period and Boundary	43
102-47	List of material topics	Sustainability Statement – Materiality Assessment, Our Sustainability Strategy, Our Sustainability Metrics and Targets	48 50-51 56-58
102-48	Restatements of information	Sustainability Statement - In relation to employees who have received anti-corruption training, total number of training hours, average training hours per employee, and staffs trained on health and safety standards.	60/106/115
102-49	Changes in reporting	Sustainability Statement – Reporting Period and Boundary	43
102-50	Reporting period	Sustainability Statement – Reporting Period and Boundary	43
102-51	Date of most recent report	The Company's Annual Report 2023, was published in October 2023. The online version of the Annual Report 2023 can be found online at https://www.inari-amertron.com/annual-reports	-
102-52	Reporting cycle	Sustainability Statement – Reporting Period and Boundary	43
102-53	Contact point for questions regarding the report	Sustainability Statement – Point of Contact	43
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Statement – Reporting Framework and Standards	43
102-55	GRI content index	GRI Content Index	131-141
102-56	External assurance	To be applied in the future	-
GRI 201: Economic Performance			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
201-1	Direct economic value generated and distributed	Audited Financial Statements	177-254
201-2	Financial implications and other risks and opportunities due to climate change	To be applied in the future	-
201-3	Defined benefit plan obligations and other retirement plans	Audited Financial Statements	177-254
201-4	Financial assistance received from government	Audited Financial Statements	177-254

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
GRI 202: Market Presence			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Inari complies with all applicable minimum wage standards regardless of gender. The entry level for both female and male employees is equivalent to the national minimum wage.	107
202-2	Proportion of senior management hired from the local community	Sustainability Statement - Workplace Sustainability Statement - Local Communities	102-103 122
GRI 203: Indirect Economic Impacts			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	65-71
103-2	The management approach and its components	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	65-71
103-3	Evaluation of the management approach	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	65-71
203-1	Infrastructure investments and services supported	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	65-71
203-2	Significant indirect economic impacts	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	65-71
204: Procurement Practices			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	72-76
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	72-76
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	72-76
204-1	Proportion of spending on local supplies	Sustainability Statement - Supply Chain Management	72-76

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
GRI 205: Anti-corruption			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function Corporate Governance Overview Statement	59-62 166-171 145-162
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function Corporate Governance Overview Statement	59-62 166-171 145-162
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function Corporate Governance Overview Statement	59-62 166-171 145-162
205-1	Operations assessed for risks related to corruption	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function Corporate Governance Overview Statement	59-62 166-171 145-162
205-1	Communication and training about anticorruption policies and procedures	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function	59-62 166-171
205-3	Confirmed incidents of corruption and actions taken	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function	59-62 166-171
302: Energy			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 78-84
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 78-84
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 78-84

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
302-1	Energy consumption within the organisation	Sustainability Statement - Energy Usage	85-87
302-2	Energy consumption outside the organisation	To be applied in the future	-
302-3	Energy intensity	Sustainability Statement - Energy Usage	85-87
302-4	Reduction of energy consumption	Sustainability Statement - Energy Usage	85-87
302-5	Reductions in energy requirements of products and services	To be applied in the future	-
303: Water and Effluents			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
303-1	Interactions with water as a shared resource	To be applied in the future	-
303-2	Management of water discharge-related impacts	To be applied in the future	-
303-3	Water withdrawal	Sustainability Statement – Water Management	91-95
303-4	Water discharge	Sustainability Statement – Water Management	91-95
303-5	Water consumption	Sustainability Statement - Water Management	91-95
305: Emissions			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
305-1	Direct (Scope 1) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	88-91

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	88-91
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	88-91
305-4	GHG emissions intensity	Sustainability Statement - GHG Emissions and Climate Change	88-91
305-5	Reduction of GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	88-91
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Sustainability Statement - GHG Emissions and Climate Change	88-91
306: Effluents and Waste			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
306-1	Water discharge by quality and destination	Sustainability Statement – Water Management	91-95
306-2	Waste by type and disposal method	Sustainability Statement – Waste Management	96-99
306-3	Significant spills	No significant spills as of FY2024	-
306-4	Transport of hazardous waste	To be applied in the future	-
306-5	Water bodies affected by water discharges and/or runoff	To be applied in the future	-
307: Environmental Compliance			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management	52-53
		Sustainability Statement – Environment and Climate Change Management	78-84

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 78-84
307-1	Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws and regulations as of FY2024	80
308: Supplier Environmental Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	72-76
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	72-76
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	72-76
308-1	New suppliers that were screened using environmental criteria	Sustainability Statement - Supply Chain Management	72-76
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	72-76
401: Employment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	100-121
103-2	The management approach and its components	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	100-121
103-3	Evaluation of the management approach	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	100-121
401-1	New employee hires and employee turnover	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	100-121
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	100-121
GRI 402: Labour/Management Relations			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
402-1	Minimum notice periods regarding operational changes	We will ensure the employees are informed with appropriate notice periods regarding operational changes in Inari.	-
403: Occupational Health and Safety			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Occupational Safety and Health	113-118
103-2	The management approach and its components	Sustainability Statement - Occupational Safety and Health	113-118
103-3	Evaluation of the management approach	Sustainability Statement - Occupational Safety and Health	113-118
403-1	Occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	113-118
403-2	Hazard identification, risk assessment and incident investigation	Sustainability Statement - Occupational Safety and Health	113-118
403-3	Occupational health services	Sustainability Statement - Occupational Safety and Health	113-118
403-4	Worker participation, consultation and communication on occupational health and safety	Sustainability Statement - Occupational Safety and Health	113-118
403-5	Worker training on occupational health and safety	Sustainability Statement - Occupational Safety and Health	113-118
403-6	Promotion of worker health	Sustainability Statement - Occupational Safety and Health	113-118
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement - Occupational Safety and Health	113-118
403-8	Workers covered by an occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	113-118
403-9	Work-related injuries	Sustainability Statement - Occupational Safety and Health	113-118
403-10	Work-related injuries	Sustainability Statement - Occupational Safety and Health	113-118
404: Training and Education			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Development and Talent Retention	105-107
103-2	The management approach and its components	Sustainability Statement - Employee Development and Talent Retention	105-107
103-3	Evaluation of the management approach	Sustainability Statement - Employee Development and Talent Retention	105-107

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
404-1	Average hours of training per year per employee	Sustainability Statement - Employee Development and Talent Retention	105-107
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Statement - Employee Development and Talent Retention	105-107
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Statement - Employee Development and Talent Retention	105-107
405: Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Gender, Diversity and Inclusion	100-105
103-2	The management approach and its components	Sustainability Statement - Employee Gender, Diversity and Inclusion	100-105
103-3	Evaluation of the management approach	Sustainability Statement - Employee Gender, Diversity and Inclusion	100-105
405-1	Diversity of governance bodies and employees	Profile of Board of Directors, Profile of Key Senior Management, Sustainability Statement - Employee Gender, Diversity and Inclusion, Employees Statistics	16-24 100-105
405-2	Ratio of basic salary and remuneration of women to men	To be applied in the future	-
406: Non-discrimination			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Human and Labour Rights	107-113
103-2	The management approach and its components	Sustainability Statement – Human and Labour Rights	107-113
103-3	Evaluation of the management approach	Sustainability Statement – Human and Labour Rights	107-113
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination in FY2024 Sustainability Statement - Human and Labour Rights	107-113
408: Child Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113

SUSTAINABILITY STATEMENT

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GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
409: Forced or Compulsory Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
412: Human Rights Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability Statement - Supply Chain Management, Human and Labour Rights	72-76 107-113
413: Local Communities			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Local Communities	122-128
103-2	The management approach and its components	Sustainability Statement – Local Communities	122-128
103-3	Evaluation of the management approach	Sustainability Statement – Local Communities	122-128
414: Supplier Social Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	72-76
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	72-76
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	72-76
414-1	New suppliers that were screened using social criteria	Sustainability Statement - Supply Chain Management	72-76
414-2	Negative social impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	72-76

SUSTAINABILITY STATEMENT

cont'd

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
415: Public Policy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures and Supply Chain Management	59-62 72-76
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures and Supply Chain Management	59-62 72-76
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures and Supply Chain Management	59-62 72-76
415-1	Political contributions	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy	59-62
418: Customer Privacy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Privacy and Data Protection	76-77
103-2	The management approach and its components	Sustainability Statement - Privacy and Data Protection	76-77
103-3	Evaluation of the management approach	Sustainability Statement - Privacy and Data Protection	76-77
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Statement - Privacy and Data Protection	76-77
419: Socioeconomic Compliance			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics	59-62
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics	59-62
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics	59-62
419-1	Non-compliance with laws and regulations in the social and economic area	We have not identified any non-compliance with laws and regulations in the social and economic area as of FY2024	59-62

EVENTS HIGHLIGHTS

Achievements, Awards and Recognition



Presentation of Supplier Appreciation Award by AMS Osram to ATK



MOU Exchange with MIMOS and USM for Semiconductor Research Consortium



Groundbreaking ceremony for CK2.1 in Amertron Philippines



The Edge ESG Awards 2023 - Silver

Conferences



Launching of SEMICON SEA 2024



KL20 Summit 2024



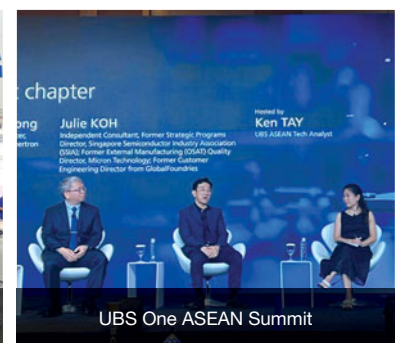
MAICSA Northern Region Governance Talk



Future Skills Talent Council Meeting with Group CEO KC Lau as Chairman



Inari's Participation at SEMICON SEA 2024



UBS One ASEAN Summit

EVENTS HIGHLIGHTS

cont'd

Corporate and Education Visits



EVENTS HIGHLIGHTS

cont'd

Social Events and Employee Engagement



International Womens Day



Malaysia Day Photo Contest for Inarians 2024



Run as One For Industrial Peace



FTZ Badminton Tournament



Recognition of Long Service Staff in ATK



Program Berbasikal Hari Alam Sekitar Negara - Inari and DOE



Kaizen Technical Competition in AIP



Inari Team Building 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Inari Amertron Berhad (“Inari” or the “Company”) is pleased to present the Corporate Governance Overview Statement for the financial year ended 30 June 2024.

The Board of Inari remains committed to implementing and maintaining high standards of corporate governance practices that are premised on the notions of transparency, accountability and integrity with a view to enhance stakeholders’ value. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form.

This Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). In producing this Corporate Governance Overview Statement, guidance was drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

This Corporate Governance Overview Statement is supplemented with a Corporate Governance (“CG”) Report which provides detailed articulation on the application of each Practice as prescribed in the Malaysian Code on Corporate Governance (“MCCG”). The CG Report is made available on the Company’s website at www.inari-amertron.com as well as via an announcement made on the website of Bursa Securities.

In order to achieve a granular understanding of the Group’s governance framework and practices, this CG Overview Statement should also be read in tandem with other statements in this Annual Report, namely, the Statement on Risk Management and Internal Control, Audit Committee Report, Sustainability Statement and Management Discussion and Analysis as the depth or relevance of applying certain corporate governance promulgations may be better explained in the context of the respective statements.

CORPORATE GOVERNANCE APPROACH

In the years since its inception, the Company has grown by leaps and bounds to become the market leader in the Malaysian technology sector. Throughout this journey, Inari has not failed nor faltered in its promise to consistently deliver and create value for its diverse stakeholder groups. The Group has remained resilient in driving sustainable business growth amidst uncertain geopolitical and economic environment. Towards this end, the Board has renewed its focus in building and maintaining a dynamic and robust governance framework that can support the business and propel the Group to greater heights.

The Group’s overall corporate governance approach is to:

- have the right people, processes and structures to direct and manage the Group’s business and affairs;
- encourage the application of good governance practices through the harmonisation of the diverse interests of stakeholders;
- meet stakeholder expectations of sound corporate governance as part of Inari’s commitment to its shareholders, customers and the local community.

As the Company progresses along its corporate governance journeys, the Board has continuously dedicated effort in ensuring that the Group’s corporate governance framework reflects the latest curation of best practices, market dynamics and evolving stakeholder expectations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Group recognises the importance of providing instructive corporate governance disclosures to secure the confidence of stakeholders in the vision, mission and the overall strategic direction of the Group. As a testament to the Group's commitment towards promoting a sound corporate governance culture, the Company has benchmarked its practices against the relevant promulgations as well as other better practices.

Inari has provided comprehensive and forthcoming disclosure in the CG Report on the extent of its applications of the Practices encapsulated in the MCCG. For any departures from Practices prescribed by the MCCG, Inari has provided explanations in the CG Report. The Board nevertheless appreciates the sound reasoning or Intended Outcome envisioned by the MCCG and thus, has implemented alternative measures that would to a large extent deliver congruent outcomes. The Company has additionally disclosed measures that it has taken or intends to take to ultimately apply the said Practices. This is further accompanied by an indicative timeframe for the adoption of the departed Practices. A detailed narrative on the application of individual Practices of MCCG is available in the CG Report.

In accordance with Practice Note 9 of MMLR, Inari's corporate governance practices are made with reference to the three (3) Principles of MCCG as outlined below:

Principle A

Board Leadership
and
Effectiveness



Principle B

Effective Audit and
Risk Management



Principle C

Integrity in Corporate
Reporting and
Meaningful
Relationship
with Stakeholders



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities of the Board

a. Board Charter and Board Committees

Inari is helmed at the leadership level by an esteemed and dedicated Board. The Board assumes an active role in providing leadership for the overall strategic and operational direction of the Group. In fulfilling its fiduciary duties, the Board monitors the strategic, financial and sustainability performance of the Group whilst ensuring sound risk management and internal control framework is in place to effectively identify, monitor and mitigate the principal business risks surrounding the Group.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board has defined its Board Charter by setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as key matters reserved for the Board's approval. The Board Charter is made available on the Company's website at www.inari-amertron.com.

In order to assist the Board in its oversight function on specific responsibility areas, the Board has established six (6) Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), Sustainability and Risk Management Committee ("SRMC"), Executive Committee and ESOS Committee. Governed by their respective Terms of References, the Board Committees report to the Board on their meeting proceedings and deliberations as well as make recommendations to the Board on the matters under their purview.

During the financial year, the respective Board Committees have carried out their duties and activities as annunciated in their respective Terms of Reference.

In line with the MCCG which focuses on globally accepted practices covering:

1. Enhancement of board policies and practices;
2. Strengthening board oversight and integration of sustainability in company's strategy and operation; and
3. Adoption of best practices especially for companies with low levels of compliance.

As we periodical assess the adequacy of Inari's corporate governance policies and procedures, various enhancements had been made to our Board Charter, Terms of Reference of Board Committees, Policy on External Auditor, Code of Business Conduct and Ethics, Whistleblowing Policy and Procedures, Anti-Corruption and Bribery Policy and its accompanying declaration form. The enhanced corporate governance policies and procedures had been reviewed and approved by the Board on 26 September 2024.

The Board Charter and Terms of Reference of the respective Board Committees are available for reference on the Company's website at www.inari-amertron.com. Reference can also be made to the CG Report for their compliance with the principles and practices encapsulated in the MCCG.

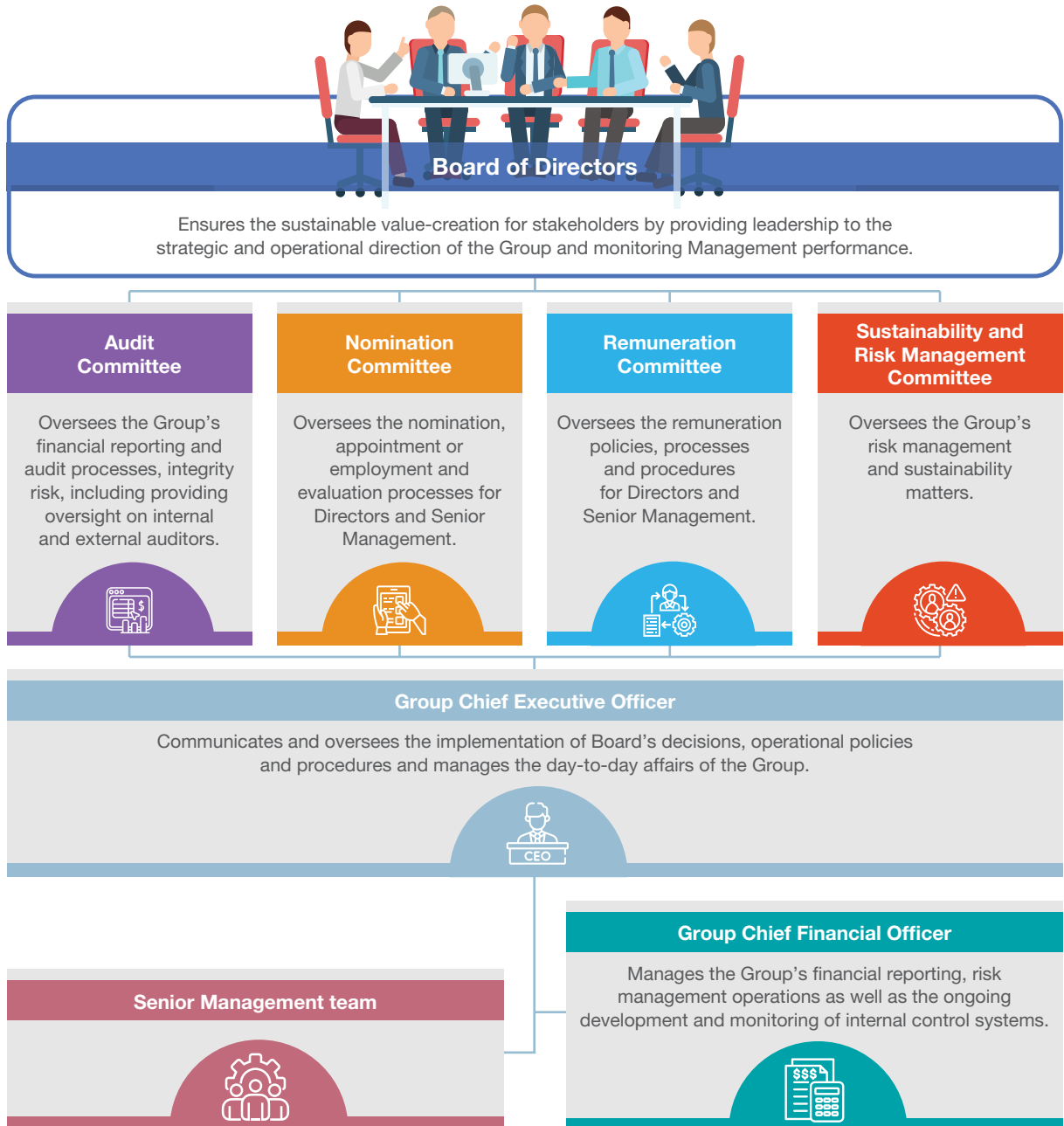
CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

a. Board Charter and Board Committees (cont'd)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

a. Board Charter and Board Committees (cont'd)

The Board recognises the importance of separation of authority between the Chairman and CEO to promote accountability and facilitate division of responsibilities. This approach not only safeguards the interest of our stakeholders but also facilitates effective governance within the organisation. Since listing on Bursa Securities, the roles of the Chairman and Group Chief Executive Officer ("Group CEO") of Inari have been clearly separated and the positions are held by different individuals. This segregation of duties between the Chairman and Group CEO ensures an appropriate balance of role, responsibility and accountability at the Board level. The Chairman is responsible for providing leadership to the Board in overseeing Management and the Group's overall strategic functions, whereas the day-to-day management of the Group's business affairs is delegated to the Group CEO of the Company, who is further supported by the Group Chief Financial Officer ("Group CFO"). The Board nevertheless reserves the decision-making authority on significant matters of the Group as encapsulated in the Board Charter. The Board Charter serves as an authoritative document that governs the conduct of the Board, Board Committees and individual Directors. The Board Charter incorporates provisions that promote clear demarcation for the roles of the Chairman of the Board, Executive Vice Chairman and Group CEO.

b. Meeting Convened and Company Secretaries

The Board and Board Committees convene meetings with sufficient regularity to deliberate on matters under their purview. During the financial year under review, the Directors of Inari have dedicated adequate time and effort to prepare and actively participate during Board and Board Committee meetings. The Board has deliberated on pertinent matters including the Company's annual business plan, annual budget as well as key performance indicators.

There were five (5) Board meetings, five (5) AC meetings, one (1) NC meeting, one (1) RC meeting and four (4) SRMC meetings held during the financial year ended 30 June 2024. Throughout FY2024, all Directors attended more than 50% of the Board meetings held during the financial year and complied with Paragraph 15.05(3)(c) of the MMLR and the provision of the Company's Constitution.

Details of the individual Directors' meeting attendance for the financial year ended 30 June 2024 are as below:

Directors	Board	AC	NC	RC	SRMC
Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.	4/5	-	-	-	-
Dato' Dr. Tan Seng Chuan	5/5	-	-	-	4/4
Lau Kean Cheong	5/5	-	-	-	-
Dato' Wong Gian Kui	5/5	-	-	-	-
Ho Phon Guan	5/5	-	-	-	-
Mai Mang Lee	5/5	-	-	-	-
Dato' Sri Thong Kok Khee	5/5	-	1/1	-	-
Datuk Phang Ah Tong	5/5	5/5	1/1	1/1	4/4
Ahmad Ridzuan Bin Wan Idrus	5/5	-	-	-	-
Dato' Mohamad Azmi Bin Ali	5/5	5/5	-	1/1	-
Datuk Mohamed Arsad Bin Sehan	3/5	5/5	1/1	1/1	-
Dato' Ong Eng Bin (Appointed to Board and SRMC on 31 January 2024)	2/2	-	-	-	2/2
Dato' Sri Chee Hong Leong, JP (Retired on 23 November 2023)	3/3	-	-	-	2/2

Chairman

Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

b. Meeting Convened and Company Secretaries (cont'd)

In undertaking its duties, the Board is supported by two (2) competent and qualified Company Secretaries, both with more than 2 decades of cumulative company secretarial experience. The Company Secretaries serve as counsels to the Board on matters relating to corporate governance. The Company Secretaries seek to ensure the Board's adherence to regulatory promulgations as well as the observance of internal policies and procedures. In addition to facilitating the flow of information between the Board and Management, the Company Secretaries also attend Board and Board Committee meetings whereby they are tasked to accurately record meeting proceedings and decisions taken by the Board and Board Committees.

The Board ensures the Directors have unrestricted access to the advice and services of Senior Management and the Company Secretaries and may obtain independent professional advice at the Company's expense to discharge their duties effectively.

c. Uphold Integrity in Financial Reporting

The Board is responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group at the end of each financial year. In preparing the financial statements, the Directors ensure that the Group has:

- 1) selected appropriate accounting policies and applied them consistently;
- 2) made judgements and estimates that are reasonable and prudent;
- 3) prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- 4) ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group so as to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

The Board has also entrusted the AC which consists of members who possess the required and relevant financial expertise to review the Group's financial reports to ensure conformity with applicable MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 before the financial statements are recommended to the Board for consideration and approval for release to the public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

d. Code of Business Conduct and Ethics

The Board acknowledges its role in propagating ethical standards and values across different levels of the Group and thus, has taken the initiative to formalise a Group-wide Code of Business Conduct and Ethics. The aforementioned document serves as a policy to provide direction and guidance governing both Directors and employees in their day-to-day professional conduct and decision-making process. The Code of Business Conduct and Ethics is an extensive document that provides guidance on matters ranging from conflict of interest situations to corruption and money laundering. This Code has been communicated and institutionalised to all Directors and employees to ensure they uphold and are aligned with our ethical standards. Each employee will receive a copy of the Code of Business Conduct and Ethics which is an integral part of their terms and conditions of employment.

In accordance with the Code of Business Conduct and Ethics, Directors and employees shall make a declaration (in addition to the annual declaration for Directors and Key Senior Management and on boarding declaration for other employees), when there is any related party transaction and/or conflict of interest situations that arose, persist or may arise within the Group including transaction and measures taken to resolve, eliminate or mitigate such conflicts. During the financial year ended 30 June 2024, there were no misconduct cases being reported.

The Code of Business Conduct and Ethics is available on the Company's website at www.inari-amertron.com.

e. Anti-Corruption and Bribery Policy

The Board has put in place an Anti-Corruption and Bribery Policy that outlines the Group's commitment to conduct business ethically as well as complying with all applicable laws, including compliance with the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and any of its amendments made by the relevant authority from time to time. In this respect, the Anti-Corruption and Bribery Policy provides principles, guidance and requirements to Directors, employees and associated third parties on how to recognise and deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within Inari Group. The Group emphasises its position in taking a zero-tolerance approach to corruption and bribery, and the Group is committed to conducting all of its business in an honest and ethical manner. Inari Technology Sdn Bhd, led by our Group CEO and witnessed by the Deputy Director (Operation) of MACC Pulau Pinang, had signed the Corruption Free Pledge on a voluntary basis to affirm our commitment against corruption practices.

The Anti-Corruption and Bribery Policy covers salient areas pertaining to corruption and bribery such as gifts, entertainment, donations and sponsorships. The Policy necessitates strict adherence by all parties across the supply chain. The Company strictly prohibits Directors, employees and associated third parties from taking part in any form of corruption, bribery, extortion, embezzlement or any kind of money laundering activities. All persons who intend to receive or provide any sponsorships, donations and contribution to charity or social projects on behalf of Inari, are required to complete a Corporate Social Responsibility, Donation and Sponsorship Form and Due Diligence Checklist and obtain approval from the relevant approving authority after the due verification process by the compliance team.

The Company does not make charitable donations or contributions to political parties. Whilst employees and associated third parties acting in their personal capacity are not restricted to make any personal donations, Inari will not make any reimbursement for these personal political contributions back to its employees or the associated third parties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

e. Anti-Corruption and Bribery Policy (cont'd)

The Anti-Corruption and Bribery Policy has been adequately communicated to all Directors, employees and associated third parties through various communication channels and is published on our corporate website. The adoption of anti-corruption and bribery culture in business operations and familiarisation with the Anti-Corruption and Bribery Policy procedures as well as Whistleblowing Policy and Procedures was facilitated through various training sessions attended by Directors, Senior Management and employees. During the financial year, our employees attended various trainings on anti-corruption and bribery organized by the human resource and training department. All stakeholders including Directors, employees and third parties associated with Inari Group are expected to promptly report, via the established whistleblowing channels as provided for in the Whistleblowing Policy and Procedures, of any suspicious transactions that may indicate corruption, bribery or money laundering.

The Board, through AC, maintains oversight of the ethical framework, adequacy and integrity of the system of internal control in ensuring overall ethical health and compliance level with professional and ethical standards in managing risks of corruption, bribery and money laundering. In addition to the annual risk assessment on corruption and bribery risks, intermittent assessments will also be conducted as and when necessary to assess the corruption and bribery risk across the Group and ensure there are adequate procedures in place to address and mitigate these risks.

The Anti-Corruption and Bribery Policy is available on the Company's website at www.inari-amertron.com.

f. Whistleblowing Policy and Procedures

As an additional measure to safeguard the integrity of the Group, the Board has adopted a Whistleblowing Policy and Procedures to allow employees and other stakeholders to report legitimate ethical concerns. The Group's Whistleblowing Policy and Procedures outlines the reporting channels for Directors, employees and external stakeholders who have a business relationship with the Group to report suspected wrongdoings that may adversely impact the Group. The whistleblowing reporting channels include making a report directly to the employees' immediate superior or to the designated officers up to the AC Chairman.

A report can be made verbally or in writing via email or by the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures. Alternatively, employees may report via a whistleblowing hotline managed by an independent third party. The Group treats all reports in a confidential manner and at the same time the whistleblower shall be accorded with the protection of confidentiality of identity to the extent reasonably practicable and protection against any adverse and detrimental actions and retaliations of all forms. Any whistleblowing cases, findings and appropriate course of action will be reported to the AC. For FY2024, there were no whistleblowing cases reported via the established reporting channels.

The Whistleblowing Policy and Procedures is available on the Company's website at www.inari-amertron.com.

g. Sustainability

The Board together with Management take responsibility for the governance of sustainability in the Group and continuously align environmental, social and governance ("ESG") initiatives with the strategic direction of the Group to create long term and sustainable value for its shareholders and other stakeholders. The SRMC, assisted by the Group CEO and Group CFO, is entrusted with the responsibility of overseeing risk management and sustainability matters within the Group. Our sustainability strategies are currently led and driven by the Group CEO with the support of the Sustainability and Integrity Working Group in executing and implementing sustainability initiatives and monitoring their progress and achievement of targets.

A comprehensive account of the Group's sustainability initiatives and practices are set out in the Sustainability Statement on pages 40 to 141 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. Board Composition

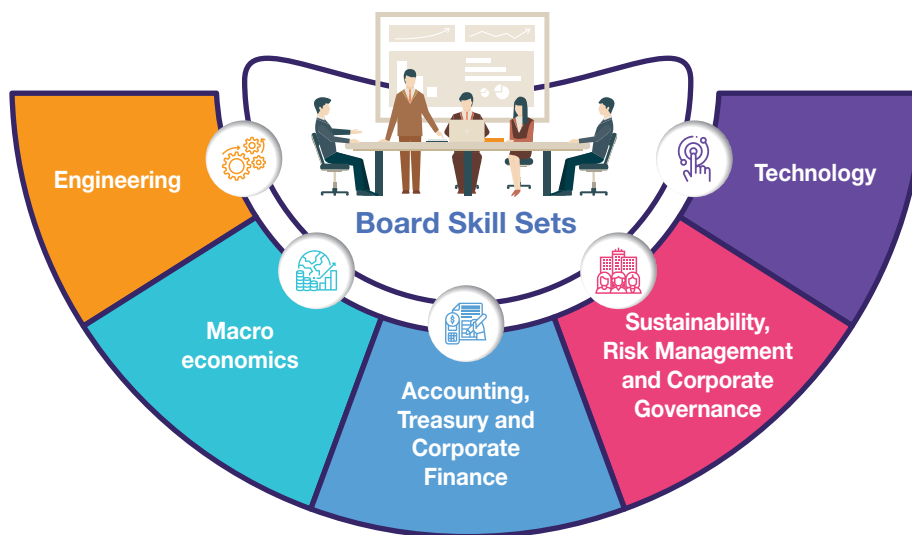
In an economic landscape that is constantly evolving, the Board is expected to be more vigilant and proactive to respond to shifting opportunities and the varying risk manifestations. In this respect, it is imperative for the Board to have an optimum mix of skills, qualifications and experience that can support the Group's quest to deliver value for its stakeholders. The NC is delegated with the responsibility of ensuring the Board's size and composition continues to be effective and relevant to the needs of the Group. The selection of candidates for directorships and recommendation for the re-election of Directors are premised on the individuals' character, skills, knowledge, expertise, experience, professionalism, competencies and integrity. Candidates for directorships and Directors are also assessed based on their willingness to devote adequate time and commitment to attend to their duties. Directors are required to notify the Chairman before accepting any new directorships and to indicate the time commitment that they are expected to expand on the slated appointments.

Following the retirement of Dato' Sri Chee Hong Leong, JP at the conclusion of the 13th Annual General Meeting held on 23 November 2023, the Board welcomed two (2) new Independent Directors, Dato' Ong Eng Bin and Dr. Tunku Alina Binti Raja Muhd Alias, to the Board on 31 January 2024 and 27 August 2024 respectively.

The Board, led by the Non-Independent Non-Executive Chairperson, comprises of five (5) Executive Directors, five (5) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The current Board composition complies with Paragraph 15.02 of MMLR that requires at least one-third (1/3) of the Board to be Independent Directors and at least one (1) woman director. The composition of the Board reflects the wide range of business, commercial and finance experience essential in the management and direction of a corporation of this size. The present Board composition represents an appropriate balance of Executive, Non-Executive and Independent Directors to achieve sustainable long-term value for shareholders and effective governance of the Group's businesses, and yet allow for effective decision-making and check and balance. The profile of each Director is presented on pages 16 to 21 of this Annual Report.

The presence of Independent Directors though not forming a majority is sufficient to provide the necessary check and balance on the decision-making process of the Board. They possess extensive experience and uphold high level of integrity to constantly provide unbiased and independent views to the Board in an effective and constructive manner. Nevertheless, the Board recognises the value of having a majority Independent Directors on the Board in promoting objectivity during boardroom deliberations and impartiality in the decision-making process. The Board with the assistance of the NC will continue to identify candidates that are suitable for the position of Independent Director through the possession of necessary attributes and business acumen.

The collective skill sets of the Board is aptly illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Nomination

The NC comprises exclusively of three (3) Non-Executive Directors, with a majority of them being Independent Directors which is in line with Paragraph 15.08A(1) of MMLR. The composition of NC is set out in the Corporate Information on page 3 of this Annual Report. The primary function of the NC is to assist the Board in identifying and recommending candidates for directorships of the Company along with the membership of the Board's various committees. The NC also undertakes in assessing on annual basis, the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director as well as the independence of the Independent Directors.

During the year, the NC carried out their duties annunciated in its Terms of Reference, which is published on the Company's website and undertaken the following activities:

a. Appointment and Re-Election of Directors

The NC reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, Board Committees and Directors who are retiring and eligible for re-election.

The Board recognises the importance of emphasising the element of diversity on Board from the facets of gender, cultural background and professional experience, whilst still maintaining the importance of meritocracy and overall cultural fit within the Board. Given that Inari operates within a niche sector, the process of identifying talented and high-caliber individuals who can understand the business and industry whilst contributing to the diversity on the Board continues to be challenging. Nevertheless, the Board has taken steps to actively incorporate a wide range of perspectives during boardroom discussions and deliberations. These measures include harnessing opinions and recommendations from third-party experts and Management personnel of varying levels.

The Board has established a Directors' Fit and Proper Policy to ensure that any individuals to be appointed as Directors and the existing Board members of Inari possess the quality and character as well as integrity, competency and commitment to be able to discharge their duties and responsibilities required of the position. The Directors' Fit and Proper Policy is available on the Company's website at www.inari-amertron.com. The Policy serves as a guide for the Board and NC in their review and assessment of candidates that are to be appointed to the Board as well as Directors who are seeking for re-election.

NC is also entrusted by the Board to review succession planning measures in place for the pipeline of Board members and key Management positions. The NC seeks to guide the refinement of the human development approach to create a robust pool of qualified successors. In the event no suitable internal candidates are found within the designated timeframe, external candidates are identified.

In 2024, following a review of the structure, size and composition of the Board, with due regard to skills, knowledge, experience and diversity, the NC recommended the appointment of Dato' Ong Eng Bin and Dr. Tunku Alina Binti Raja Muhd Alias as Independent Directors of the Company. The NC was convinced that both candidates possess relevant skillset to complement the Board and their appointments enrich Board independence and diversity. Their appointments were subsequently approved by the entire Board as a whole in January and August 2024 respectively. In accordance with Clause 102 of the Company's Constitution, Dato' Ong and Dr. Tunku Alina shall hold office until the 14th AGM and standing for re-election as Directors of the Company.

Further, Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP., Dato' Sri Thong Kok Khee, Dato' Wong Gian Kui and Datuk Phang Ah Tong are due to retire by rotation pursuant to Clause 95 of the Company's Constitution and are standing for re-election at the 14th AGM. They, being eligible, have offered themselves for re-election as Directors of the Company at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Nomination (cont'd)

a. Appointment and Re-Election of Directors (cont'd)

The Board and NC having assessed the performance and contribution of the retiring Directors, collectively agreed that they meet the criteria regarding character, experience, integrity, competence and time commitment to effectively discharge their duties and responsibilities as Directors as prescribed under Paragraph 2.20A of MMLR and Directors' Fit and Proper Policy. The Board is satisfied with their performance and concluded that their continued service would benefit the Company and its stakeholders. Hence, the Board has recommended their re-election for shareholders' approval at the 14th AGM. The ordinary resolutions to approve their re-election will be voted individually. The details of the Directors seeking for re-election are disclosed in the Profile of the Board of Directors.

b. Annual Assessment and Tenure of Independent Directors

The NC assessed the Independent Directors to ascertain if they display a strong element of detached impartiality and objective judgement. In conducting this assessment, the NC and Board adopted the independence criteria in Paragraph 1.01 of the MMLR for the annual independence assessment of its Independent Directors. Also, the assessment was made based on a qualitative approach if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

It is stated in the Board Charter that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board should provide justifications and seek shareholders' approval. To-date, the Board comprises of five (5) Independent Directors and none of their tenure of service has exceeded the term limit of nine (9) years.

The NC assessed the independence of each Independent Director in office for the financial year and concluded that they meet all the criteria of an Independent Director set out in Paragraph 1.01 of the MMLR. The Board is generally satisfied that each Independent Director has remained independent in character and judgement and continue to bring unbiased as well as impartial opinions and objective judgement to Board deliberations.

c. Annual Board Effectiveness Evaluation

In line with Practice 6.1 of MCCG, the Board, via the NC, performed an internal Board effectiveness evaluation ("BEE") of its own performance, comprising the Board as a whole, the Board Committees, each individual Director as well as the independence of Independent Directors for FY2024. Once every three (3) years, the Company will engage independent expert to conduct the BEE to gain insights on the Board's performance against peer boards and best practices. An external consultant was last engaged to facilitate the conduct of BEE in FY2022.

For FY2024, the Board evaluation process was conducted internally via a set of questionnaires containing both quantitative and open-ended questions, based on self and peer-rating by the Chairman of the Board and respective Chairmen of the Board Committees. The Board Committee evaluation comprises the AC, NC, RC and SRMC to review and assess their performance and determine whether the aforesaid Board Committees carry out their duties effectively in accordance with their respective Terms of Reference. The outcome of the BEE was compiled, documented and reported to the Board and NC accordingly with a view to identifying areas for improvement and reinforcement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Nomination (cont'd)

c. Annual Board Effectiveness Evaluation (cont'd)

Based on the outcome of the evaluation undertaken, the Board is generally satisfied with the performance and effectiveness of each Director, the Board as a whole and the respective Board Committees for the financial year under review. The Director's peer review indicated that all the Directors are efficient in their respective roles and function and discharge their duties and responsibilities satisfactory in accordance with the Board Charter and the respective Board Committee's Terms of Reference. In addition, the Board Chairperson and Board Committee Chairmen possess sound leadership qualities in facilitating robust discussions and deliberations. In terms of potential enhancements, several key areas such as boardroom diversity, succession planning and training needs analysis have been identified.

d. Professional Development of Directors

Directors are encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes. During the financial year, the Directors attended continuous professional development programme covering various topics ranging from financial, changes in statutory and regulatory requirements, governance, sustainability and industry knowledge.

The professional development programmes attended by the Directors are as follows:

- Advocacy Session for Directors & CEOs
- AMLA Segmented Training 2023
- Anti-Bribery & Workshop
- BNM Governor's Address on the Malaysian Economy & Panel Discussion 2024
- BNY Mellon Asset Owner Leadership Summit 2023 (London)
- Board & Leadership Talk Series #1 2024: Executive Insights – Charting the Path with Data and AI
- Central Banking in an Evolving International Financial System
- Conflict of Interest and Governance of Conflict of Interest
- Driving Business Growth and Industry Updates
- Duties of Corporate Directors: Update on Key Issues under Companies Act 2016
- Empowering Change through Diversity, Equity and Inclusion
- EPF Management Conference 2024
- Impact of AI on the Media Business
- International Semiconductor Executive Summit
- International Social Wellbeing Conference 2023
- International Social Wellbeing Conference 2024
- Khazanah Mega Trends Forum (KMF2023)
- KL20 Summit 2024
- Leading with Emotional Intelligence: Self and Others
- Learning at Work through AI
- MAICSA Northern Region Governance Talk
- Management of Cyber Risk
- Mandatory Accreditation Programme Part II: Leading for Impact
- Mandatory Accreditation Programme
- Market Surveillance Industry Dialogue 2023
- MIA International Accountants Conference 2024: Navigating New Frontiers, Embracing Sustainability
- MSIA SME Conference 2024 Innovation: The Pathway to Growth
- OneASEAN Summit: Tech in ASEAN
- Regional Housing Conference 2024
- Regulatory and Ethical Latest Update – Key Summaries in AMLA, PDPA, Ethics Code and Anti-Corruption & Bribery

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Nomination (cont'd)

d. Professional Development of Directors (cont'd)

The professional development programmes attended by the Directors are as follows: (cont'd)

- Responsible AI
- Retirement Reimagined Forum
- Seminar on Employment Pass Application Via Xpats Gateway System
- Taklimat Integriti: Penggubahan Wang Haram dan Pencegahan Pembiayaan Keganasan (AML/CFT)
- Vietnam Business Summit 2023
- Webinar: E-invoicing

4. Remuneration

The RC composition is in line with Guidance 7.2 of MCCG comprising exclusively of three (3) Independent Directors. An attractive and competitive remuneration package is a key component in attracting, retaining and motivating talented individuals who can successfully run the business. Towards this end, the Board has instituted a dedicated RC to oversee the remuneration matters of Directors and Senior Management and has adopted a formal Remuneration Policy and Procedures that forms the framework for remunerating Directors and Senior Management personnel.

During the year, the RC carried out their duties and activities as enunciated in its Terms of Reference which is made available on the Company's website in line with Practice 7.2 of MCCG. The RC reviewed and recommended to the Board the remuneration packages of the Non-Executive Directors as well as remuneration and benefits of the Executive Directors for FY2024.

The remuneration for Executive Directors and Senior Management is premised on the need to reward, attract and retain individual and corporate performance whilst still recognizing the need to drive the long-term sustainability of the business and also taking into consideration the state of the economy in general, the performance of the industry and the Group in particular. In light of increasing concerns about climate change and its potential impacts on businesses, the remuneration structure also incorporates climate change risk management as a critical factor.

The determination of the Executive Directors' remuneration package is a matter reserved for the Board as a whole, with the Executive Directors involved abstained from discussing their own remuneration to promote high standard of corporate governance. In this process, the RC will play a significant role by recommending to the Board an appropriate remuneration and performance framework. This framework will be designed to align the remuneration of Executive Directors and Senior Management with the Company's efforts to address climate change risk and ensure the long-term sustainability of the business.

To achieve this, RC will endorse the application of climate-related performance targets in setting remuneration for the Executive Directors and Senior Management. These targets will be carefully crafted to take into consideration not only their overall performance and adherence to corporate governance practices, including anti-corruption policies and procedures but also their contributions towards sustainability-related matters, especially those related to mitigating and adapting to climate change challenges.

As for Non-Executive Directors, their remuneration package is structured such that their objectivity in fulfilling their fiduciary duties is not impaired. Accordingly, the remuneration levels for Non-Executive Directors reflect their credentials, responsibilities and position on the Board and Board Committees as well as their time commitment to the Company's affairs. The aggregate annual remuneration of Non-Executive Directors comprises director fees and meeting allowances as recommended by the RC and endorsed by the Board and is subject to shareholders' approval at the general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

4. Remuneration (cont'd)

Details of the remuneration of Directors comprising remuneration received/receivable from the Company and the Group for the financial year ended 30 June 2024 are as follows:

	Company (RM'000)							Group (RM'000)						
	Fee	Allowance #	Salary	Bonus	Benefits-in-kind	Other emoluments *	Total	Fee	Allowance #	Salary	Bonus	Benefits-in-kind	Other emoluments *	Total
Executive Directors														
Dato' Dr. Tan Seng Chuan	-	-	-	-	-	-	-	-	-	360	999	-	297	1,656
Lau Kean Cheong	-	-	-	-	-	-	-	-	-	994	3,222	-	928	5,144
Dato' Wong Gian Kui	-	-	180	510	-	84	774	-	-	180	510	-	84	774
Ho Phon Guan	-	-	-	-	-	-	-	-	-	276	797	-	129	1,202
Mai Mang Lee	-	-	-	-	-	-	-	-	-	276	504	-	94	874
Non-Executive Directors														
Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.	120	2	-	-	-	-	122	120	2	-	-	-	-	122
Dato' Sri Thong Kok Khee	104	4	-	-	-	-	108	104	4	-	-	-	-	108
Datuk Phang Ah Tong	181	9	-	-	-	-	190	181	9	-	-	-	-	190
Ahmad Ridzuan Bin Wan Idrus	96	3	-	-	-	-	99	96	3	-	-	-	-	99
Dato' Mohamad Azmi Bin Ali	146	6	-	-	-	-	152	146	6	-	-	-	-	152
Datuk Mohamed Arsad Bin Sehan	152	5	-	-	-	-	157	152	5	-	-	-	-	157
Dato' Ong Eng Bin (Appointed on 31 January 2024)	48	2	-	-	-	-	50	48	2	-	-	-	-	50
Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Sri Chee Hong Leong, JP (Retired on 23 November 2023)	48	3	-	-	-	-	51	48	3	-	-	-	-	51

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

4. Remuneration (cont'd)

	Fees (RM'000)		Salary, Bonus, EPF and other Emoluments* (RM'000)		Meeting Allowance (RM'000)		Total Remuneration (RM'000)	
	Company	Group	Company	Group	Company	Group	Company	Group
Executive Directors	-	-	774	9,650	-	-	774	9,650
Non-Executive Directors	895	895	-	-	34	34	929	929
Total	895	895	774	9,650	34	34	1,703	10,579

Meeting allowance

* Include Defined Contribution Plan and other allowances

Remuneration Band	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	1
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	2
RM150,001 to RM200,000	-	3
RM750,001 to RM800,000	1	-
RM850,001 to RM900,000	1	-
RM1,200,001 to RM1,250,000	1	-
RM1,650,001 to RM1,700,000	1	-
RM5,100,001 to RM5,150,000	1	-
	5	8

The share options under the Company's Employees' Share Option Scheme granted to Directors of the Company and the equity-settled share-based payment transactions are disclosed in the Additional Compliance Information on pages 163 to 165 of this Annual Report and Notes 24 and 34 to the Financial Statements.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee and External Auditors

In relation to the Step Up Practice 9.4 of the MCCG, the Board has a long-standing practice of having the AC comprising exclusively of Independent Directors. The independence of the AC enables it to exercise robust and impartial oversight combined with a healthy degree of professional skepticism over the Group's financial reporting, audit and risk management processes. The Chairman of the AC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the AC's findings and recommendations. The present composition of the AC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *(cont'd)*

1. Audit Committee and External Auditors *(cont'd)*

The Board has put in place a Policy on External Auditors to facilitate a formal and transparent relationship with the external auditors. The Policy on External Auditors governs the selection, appointment and assessment of the external auditors as well as the provision of non-audit services by the external audit firm, amongst others. The AC has unbridled access to both the internal auditors and external auditors, who in turn report directly to the AC on their activities, findings and recommendations. For the financial year ended 30 June 2024, the external auditors have provided written assurance to the Company that its personnel are and have been independent throughout the conduct of their audit, in accordance to the terms of relevant professional and regulatory requirements. In compliance with the requirement of the Malaysian Institute of Accountants, the external auditors rotate their audit partner assigned to the Group every seven (7) years.

Full details of the AC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.inari-amertron.com and detailed disclosure on the role and activities undertaken by the AC during the financial year is provided in the Audit Committee Report on pages 172 to 176 of this Annual Report.

2. Risk Management and Internal Control Framework

In an ever-evolving and disruptive market landscape, it is imperative for the Group to be well-equipped to face any existing and emerging risks that could threaten business continuity. A Group-wide Enterprise Risk Management ("ERM") Framework has been established to support the timely identification, reporting and management of principal business risks. The ERM Framework includes formalised processes, policies and procedures surrounding the implementation, monitoring and review of the Group's internal control system.

The Group's internal audit function is outsourced to an independent professional firm, namely Crowe Governance Sdn Bhd ("Crowe Governance"). All the personnel deployed by Crowe Governance do not have any family relationship or conflicts of interest with Inari that could impair their objectivity and independence during the course of their audit engagement.

The AC reviews and approves the annual Internal Audit Plan to ensure there is risk alignment as well as adequate scope and coverage of the business activities being audited. The internal audit team reviews and makes subsequent recommendations to the AC and the Board on the effectiveness and adequacy of the Group's risk management and internal control system. In fulfilling this duty, the internal audit team adopts a risk-based approach and adheres to a methodology that is closely aligned to the International Professional Practices Framework ("IPPF") of The Institute of Internal Auditors.

Additionally, in line with the recommendation of Step Up Practice 10.3 of the MCCG, the Board has constituted SRMC, comprising a majority of Independent Directors, whose function is to oversee the Group's risk management and sustainability matters. Full details of the SRMC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.inari-amertron.com.

A detailed narrative of the Group's risk management and internal control framework, including the internal audit function is presented in the Statement of Risk Management and Internal Control on pages 166 to 171 of this Annual Report.

3. Unrestricted Access to Information and Advice

The Board ensures the Directors have unrestricted access to the advice and services of Senior Management and the Company Secretaries and may obtain independent professional advice at the Company's expense to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

1. Communication with Stakeholders

The Board values a candid and iterative relationship with the stakeholders of the Company as it provides the Board with valuable feedback that would contribute to the overall betterment of the Company. The Board always ensures there is effective, transparent and timely communication with the stakeholders. Shareholders and other stakeholders are kept informed of the latest developments of the Group via announcements to Bursa Securities, annual reports, circulars to shareholders and press releases. The Company maintains a corporate website at www.inari-amertron.com to promote accessibility of information to the Group's diverse stakeholder groups. The Board ensures that the website is regularly updated with recent announcements, past and current reports to shareholders as well as news and press releases pertaining to the Group. Any comments, queries and suggestions can be directed to a designated e-mail address, namely i-enquiry@inari-amertron.com.my.

In order to supplement these efforts further, the Company additionally carries out investor relations activities such as organising dialogues and briefing sessions with market analysts and fund managers. Such analyst briefings are typically attended by a sizeable group of participants. Representatives from the Company also participate in a smorgasbord of investor relations conferences across the domestic and global shores.

2. Annual General Meeting

AGM serves as the primary platform for shareholders to engage the Board and Senior Management in a productive two-way dialogue. Shareholders are accorded with the opportunity to put forward questions and seek clarifications on the broad areas of the Group's performance, business activities and future outlook during a question and answer session held during AGM. As is customarily practised, all Directors, including the Chairmen of the respective Board Committees, are present during AGM whereby they avail themselves to provide meaningful responses, clarity and context to shareholders' inquiries. The minutes of AGM, together with a summary of key matters discussed during AGM is made available to the shareholders on the Company's website.

The notice of 13th AGM was provided to shareholders more than 28 days prior to the date of the AGM which is in line with Practice 13.1 of MCGG to provide shareholders with adequate time to prepare and make the necessary arrangements to participate in the AGM.

The Company had leveraged on technology by conducting the 13th AGM on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The use of RPV enabled shareholders to fully participate in the proceedings without the need to be physically present at the meeting venue. The Company will continue to leverage on technology by conducting the 14th AGM virtually to encourage greater shareholder participation and voting in absentia as recommended under Practice 13.3 of MCGG.

Pursuant to Paragraph 8.29A of the MMLR, all the resolutions set out in the notice of 13th AGM were voted by poll and an independent scrutineer was appointed to validate the votes cast at the AGM. The outcome of the meeting was announced to Bursa Securities on the same meeting day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

CORPORATE GOVERNANCE FOCUS AREAS AND FUTURE PRIORITIES

During the financial year under review, the following corporate governance areas gained prominence in the boardroom agenda. Moving forward, the Board will continue to identify and introduce improvement measures in the area of corporate governance:

Boardroom Diversity

Diversity in corporate leadership is a topic that has gained notable traction in the global and domestic marketplace, not least in the technology sector. The element of diversity can strengthen strategy formulation and risk management of the Group by adding varying perspectives into boardroom discussions and decision-making process whilst mitigating the perils of “groupthink” or “blind spots”. Taking a cue from the government’s policy pronouncement of having at least 30% women directors on boards, the Company remains committed to take the incremental steps to recruit female talent into both the boardroom and in Senior Management positions.

The NC, as the Board’s delegate, will seek to leverage on various channels, including independent recruitment firms and Directors’ registries, in order to gain access to a wider pool of candidates. The NC will also focus on developing an internal pipeline of talented and high-caliber individuals by identifying and training female individuals in Management positions within the Group to assume potential directorships or Senior Management positions in the future.

Boardroom diversity has been enhanced with the recent appointment of Dr. Tunku Alina as Independent Director, bring with her knowledge and experience in law, corporate governance, sustainability and financial oversight. Her appointment complements the Board and enhances its independence and diversity.

Integrated Reporting

The current Annual Report of the Company provides stakeholders with a fairly granular view of the Company’s financial and non-financial information that would allow them to make informed decisions. This Annual Report contains components such as Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Statement and Statement on Risk Management and Internal Control that form an integral part of the non-financial information. Whilst there are certain characteristics of integrated reporting in the current Annual Report, it is on the whole, not an integrated report based on the parameters set out by the International Integrated Reporting Council’s (“IIRC”) Integrated Reporting Framework. The Company is gradually positioned towards and undertake the adoption of integrated reporting through the establishment of the necessary systems and controls as well as the presence of quality non-financial information to support the development of an integrated report.

This CG Overview Statement is made in accordance with the resolution of the Board of Directors dated 26 September 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

During the financial year ended 30 June 2024, the amount of audit and non-audit fees (exclusive of expenses and applicable taxes) paid/payable by the Company and the Group to the external auditors and its member firm for services rendered to the Company and its subsidiaries were as follows:

	Company		Group	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Audit fees	75	75	473	431
Non-audit fees	32	23	181	139

The non-audit services rendered included statutory tax compliance services and review of the Statement on Risk Management and Internal Control.

2. Information in Relation to Employees' Share Option Scheme ("ESOS")

- i. During the financial year, there were 27,661,000 share options granted to eligible Directors and employees of the Group pursuant to the Company's ESOS which has been implemented since 23 November 2022.
- ii. The movements of share options granted, exercised and lapsed during the financial year are as follows:

	Number of Share Options	
	Grand Total Unit'000	Directors Unit'000
At 1 July 2023	72,201	17,280
Granted	27,661	5,760
Exercised	(41,366)	(8,010)
Lapsed	(2,195)	-
At 30 June 2024	56,301	15,030

- iii. Percentage of share options applicable to Directors and Senior Management are as follows:

Directors and Senior Management	FY2024	Since the Commencement of ESOS up to 30.06.2024
Aggregate maximum allocation	60%	60%
Actual granted and accepted	21%	23%

ADDITIONAL COMPLIANCE INFORMATION

cont'd

2. Information in Relation to Employees' Share Option Scheme ("ESOS") (cont'd)

- iv. The movements of share options granted to Directors of the Company and the equity-settled share-based payment transactions during the financial year are as follows:

Executive Directors

	Number of Share Options (units)			Balance as at 30.06.2024	Equity-settled Share-based Payment Transactions* (RM)
	Balance as at 01.07.2023	Granted	Exercised		
Dato' Dr. Tan Seng Chuan	2,592,000	864,000	(1,664,000)	1,792,000	232,416
Lau Kean Cheong	6,912,000	2,304,000	-	9,216,000	619,776
Dato' Wong Gian Kui	2,592,000	864,000	(626,000)	2,830,000	232,416
Ho Phon Guan	2,592,000	864,000	(3,456,000)	-	232,416
Mai Mang Lee	2,592,000	864,000	(2,264,000)	1,192,000	232,416
Total	17,280,000	5,760,000	(8,010,000)	15,030,000	1,549,440

* Equity-settled share-based payment transactions amount is derived from the fair value of the share options granted based on Black Scholes model. The salient features of the ESOS and Black Scholes model are outlined under Note 34 to the financial statements. The total amount arising from equity-settled share-based payment transactions is disclosed in Note 24 to the financial statements.

3. Status of Utilisation of Proceeds Raised From Corporate Proposal

On 30 July 2021, the Company had completed a private placement with the listing of and quotation for 333,000,000 Inari Shares at the issue price of RM3.10 per placement share on the Main Market of Bursa Malaysia Securities Berhad with the gross proceeds of RM1,032.3 million.

Subsequently, the timeframe for the utilisation of the remaining unutilised proceeds earmarked for capital expenditure, acquisitions and investments has been extended for another 24 months from 30 January 2024 to 29 January 2026.

As at 30 June 2024, the status of utilisation of proceeds raised from the private placement is as follows:

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Unutilised Proceeds RM'000	Revised Timeframe for Utilisation
1 Capital expenditure, acquisitions and investments	1,015,500	(606,104) *	4,639	414,035	29 January 2026
2 Expenses in relation to the Private Placement	16,800	(12,161)	(4,639) ^	-	-
	1,032,300	(618,265)	-	414,035	

Note:-

* Consist of:-

- Capital expenditure: RM387.2 million
- Acquisitions and investments: RM218.9 million

^ The actual amount incurred for expenses in relation to the private placement was RM12.2 million with deviation of RM4.6 million being adjusted to the proceeds earmarked for capital expenditure, acquisitions and investments.

The balance unutilised proceeds amounting to RM414.0 million has been placed in interest bearing deposit accounts with licensed financial institutions or money market instruments, pending utilisation within the intended timeframe.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

4. Material Contracts Involving Directors or Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest during the financial year ended 30 June 2024.

5. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 23 November 2023, the Company had obtained a general mandate from the shareholders ("Shareholders' Mandate") for the Group to enter into recurrent related party transactions of a revenue or trading nature.

The details of recurrent related party transactions of the Group conducted during the financial year ended 30 June 2024 pursuant to the Shareholders' Mandate are as follows:

Transacting Parties	Companies within the Group	Type of Transaction	Interested Related Parties	Shareholders' Mandate RM'000	Actual Value of Transaction RM'000
MIT Semiconductor Pte Ltd and its subsidiaries ("MSPL Group")	Inari MIT Sdn Bhd	(i) Purchase of semiconductor process tools, parts and material including packing and delivery related cost from MSPL Group;	MSPL is a major shareholder of Inari MIT Sdn Bhd. Tang, Liang and Lim Kok Yeow who are directors of Inari MIT Sdn Bhd, are also directors of MSPL.	95,000	33,364
		(ii) Provision of the following services by MSPL Group to Inari MIT Sdn Bhd: - Engineering and technical services; and - Support services such as manpower and information technology services.		5,000	360

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the “Board”) of Inari Amertron Berhad is pleased to present the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 30 June 2024.

The Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 10.2 of the Malaysian Code on Corporate Governance (“MCCG”). In preparing this Statement, guidance has been drawn from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication endorsed by Bursa Securities.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound risk management and internal control system for the Group that covers not only financial but also operational, compliance and integrity risks and the relevant controls designed to manage these risks on a continuous and systematic basis.

Given that there are inherent limitations in any risk management and internal control system, the system in place is designed to efficiently manage risks within tolerable and knowledgeable limits, rather than completely eliminate the risk of failure to achieve business objectives of the Group. The system provides reasonable but not absolute assurance against material misstatements, financial losses, defalcations or fraud.

The Audit Committee and Sustainability and Risk Management Committee have been entrusted with the responsibility of assisting the Board in discharging its fiduciary duties in relation to the management of principal risks and internal controls.

- **Audit Committee (“AC”)**

The AC, which comprises solely of Independent Non-Executive Directors, assists the Board in assessing and reviewing the adequacy, effectiveness and integrity of the Group’s internal control system and communicating to the Board on the key risks pertaining primarily to the financial, operational and integrity risks faced by the Group, as well as the impact and likelihood of such risks and action plans to manage and mitigate such risks. The AC’s Terms of Reference has been revised to incorporate the amendments on MMLR expanding the scope of the AC’s review of conflict of interest situations that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts.

- **Sustainability and Risk Management Committee (“SRMC”)**

The SRMC, which comprises of two (2) Independent Non-Executive Directors and one (1) Executive Director, has been established to oversee risk management and sustainability matters of the Group. The primary responsibilities of the SRMC are to assist the Board in identifying principal risks and business sustainability strategies alongside the Senior Management and ensuring their adherence to appropriate risk mitigation and sustainability efforts within the Group. The SRMC is assisted by the Group Chief Executive Officer (“Group CEO”) and Group Chief Financial Officer (“Group CFO”), to provide the overall direction, lead strategic decision making and review sustainability implementation, and performance & risk management in an integrated manner.

Notwithstanding the delegated responsibilities, the Board acknowledges its ultimate overall responsibility for the establishment and oversight of the Group’s risk management and internal control system to safeguard the Group’s assets, shareholders’ investment and stakeholders’ interest.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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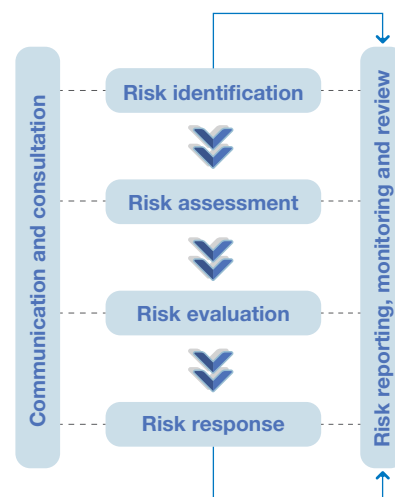
RISK MANAGEMENT FRAMEWORK

The Group has in place an Enterprise Risk Management (“ERM”) framework which serves as a methodical approach for the timely identification, reporting and management of principal risks as well as in ensuring the implementation, tracking and review of the effectiveness of mitigation actions for the risks identified. It sets out the risk management governance, guidelines, processes and control responsibilities in association with the Group’s business and operational requirements in order to maintain a sound control environment. The key elements of the ERM framework are outlined in Diagram 1 below.

RISK GOVERNANCE STRUCTURE



RISK MANAGEMENT PROCESS



RISK MANAGEMENT POLICIES & GUIDELINES

Risk Management Policies and Guidelines

- Outline the risk management framework.
- Offer practical guidance to all employees on risk management issues.

Group’s Risk Appetite and Parameters

- Qualitative and quantitative parameters for risk impact and likelihood.
- Allow the Group and individual business units to gauge the acceptability of risk exposure.

Diagram 1: Enterprise Risk Management Framework

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FRAMEWORK *(cont'd)*

During the financial year under review, ERM assessment was undertaken across all major subsidiaries, led by the Group CEO, Group CFO and the heads of respective business units based on the present and potential principal risks, integrity risks, sustainability risks, climate change risks, supply chain risks and other risks and controls identified by the respective business units within the Group. The risk assessments had also been reviewed by our outsourced internal audit function under an independent professional firm, Crowe Governance Sdn Bhd ("Crowe Governance") to independently assess the adequacy, effectiveness and integrity of the Group's risk management and internal control system. The assessment process considered the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to manage the risks to the desired level. The results of risk updates and management action plans were presented to the Senior Management and subsequently escalated to the AC and SRMC, where necessary, to the Board for further deliberation. The management action plans include proposed measures to mitigate weaknesses in the control environment as well as corresponding treatment measures to manage the material exposures identified. Key Management personnel and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that a sound internal control system reduces the risks that will impede the Group from achieving its goals and strategic objectives. The salient elements of the Group's internal control framework are described below:

1 Organisation structure with defined roles and responsibilities

Board and Executive Committees

The delegation of responsibilities to the various committees of the Board of Directors is clearly defined in the respective committee's terms of reference. Board committees established as of to-date are the AC, SRMC, Nomination Committee, Remuneration Committee and ESOS Committee. There is also an Executive Committee, comprising of Executive Directors, Group CEO and Group CFO to review the performance of each business unit with a view of identifying, discussing and resolving strategic, operational, financial and key management issues on a regular basis.

Limits of authority and responsibility

The Group has in place a clear operational structure and organisational chart with defined limits of authority, key lines of responsibility and accountability, and adequately segregated reporting lines up to the Board and its committees to ensure effectiveness and independent stewardship. In designing and implementing these policies, structures and systems, the Group is guided by the dictum that no single individual should be accorded with unfettered powers and are subject to regular review and enhancement to ensure it reflects changes in accountability and risk appetite of the Group.

The Group CEO communicates and oversees the implementation of Board's decisions, operational policies and procedures as well as manages the day-to-day affairs of the Group, whilst the Group CFO manages the Group's financial reporting, risk management operations as well as the ongoing development and monitoring of control systems.

2 Strategic business planning processes

Appropriate business plans are established in which the Group's business objectives, strategies, and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL FRAMEWORK *(cont'd)*

3 Performance monitoring and reporting

The Management team led by the Group CEO, Group CFO and heads of respective business units (the “Management”) monitors and reviews financial and operational results of the Group regularly, including reporting of performance against the operating plans and targets. The Management team formulates and implements action plans to address the identified areas of concern.

4 Documented policies and procedures

Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and reviewed on a periodic basis. They are established and implemented to serve as a day-to-day operational guide to ensure compliance with financial and operational controls, the applicable laws and regulations, and are subjected to review and enhancement as and when necessary.

5 Quality control and assurance

The Group is highly committed to providing products and services that always meet and exceed the business objectives and customer requirements where possible. The Group undertakes rigorous effort in monitoring and measuring the continuous effectiveness of quality management systems and focused on acting opportunities for continual improvement. Applicable statutory and regulatory requirements are determined including health and safety regulations, environmental controls and all other relevant legislation have been considered and complied with.

6 Integrity and ethical values

The Board acknowledges that “tone from the top” is a key driver of a healthy corporate culture and serves to form the bedrock of value creation. Accordingly, the Board adopts the Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy for the Directors, Management and employees of the Group. The Board, through AC, oversees the establishment and implementation of the Group’s Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy across every level of the Group, which articulate the acceptable practices and guide the behaviour of Directors, Management and employees.

The Group has put in place a Group Corruption Risk Management Framework which comprises risk management policy, strategy and procedure that are aimed to address and mitigate corruption risks of the Group. This risk-based approach to corruption prevention helps Inari Group to focus on key processes or activities that have high exposure to potential corruption risks. This corruption risk management approach incorporates international risk management methodology, namely ISO 31000:2018 – Risk management: Principles and guidelines, and United Nations Global Compact’s “A Guide for Anti-Corruption Risk Assessment”.

The Board alongside Management implement Whistleblowing Policy and Procedures with a comprehensive whistleblowing programme which provides avenues for the stakeholders of the Group to raise bona fide concerns relating to potential breaches of regulations and internal policies as well as misdemeanours in an objective manner and without fear of retaliatory actions.

7 Continuous employee education and training

Employees are encouraged to continuously keep themselves abreast with professional development through adequate training and continuous education. Continuous training and development programmes such as leadership, corporate governance compliance, anti-corruption and bribery, technical training, health and safety have been put in place to motivate and improve the knowledge and competency of employees as well as to promote a good working relationship within the Group and with the external stakeholders. Ongoing educational and awareness briefings pertaining to the Anti-Corruption and Bribery Policy, Code of Business Conduct and Ethics and Gift and Donation Policies have been conducted to inculcate ethical culture and integrity across the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL FRAMEWORK (cont'd)

8 Financial performance review

The preparation of periodic and annual results is monitored and reviewed by the AC, before being tabled for approval by the Board prior to being released to regulators and stakeholders whilst the full-year financial statements are audited by the external auditors and approved by the Board before their issuance to regulators and stakeholders.

9 Approval of the annual internal audit plan

During the financial year under review, the risk-based internal audit plan covering identified areas was reviewed and approved by the AC. Follow-up review procedures were established to monitor and ensure the recommendations of internal audit are effectively implemented.

10 Coverage and safeguarding of major assets

Sufficient insurance coverage is in place to enable major assets to be adequately covered against mishaps, calamities and theft that may result in material losses to the Group. The insurance coverage is reviewed at regular intervals to ensure its adequacy vis-à-vis the Group's risk appetite. At the same time, physical security measures are taken to safeguard these major assets.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional firm, Crowe Governance, to independently assess the adequacy, effectiveness and integrity of the risk management and internal control system. The internal audit function reports directly and provides assurance to the AC through the execution of internal audit work based on a risk-based internal audit plan approved by the AC before the commencement of work. In fulfilling their duty, the internal audit team adopts a risk-based approach and adheres to a methodology that is closely aligned to the International Professional Practices Framework ("IPPF") of The Institute of Internal Auditors. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group.

For the financial year ended 30 June 2024, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes, namely:

- Inventory management and material planning;
- Shipment to customer, billing and collection;
- Vendor bidding and selection process;
- Facility management;
- Fixed asset management;
- Information technology general controls;
- Software licensing management;
- Recurrent Related Party Transactions review; and
- Enterprise-wide risk management.

The internal audit engagement by Crowe Governance is led by an Executive Director, namely Amos Law. He is a Certified Internal Auditor ("CIA"), an IIA Accredited Internal Quality Assessor/ Validator, a Chartered Member of the Malaysian Institute of Internal Auditors ("CMIIA") and a holder of the Certification in Risk Management Assurance ("CRMA"). He has accumulated 27 years of extensive experience in internal audit, risk management and corporate governance advisory services. He provides overall direction for the internal audit engagement and is responsible for all stages of the internal audit work. He also maintains contact with the Management to ensure open communication is practised and all internal audit works are carried out effectively and in a timely manner. All the personnel deployed by Crowe Governance do not have any family relationship or conflicts of interest with Inari that could impair their objectivity and independence during the course of their work.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION *(cont'd)*

During the financial year ended 30 June 2024, the total cost incurred for the internal audit function is RM338,000 (2023:RM298,000), which is exclusive of out-of-pocket expenses.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Grant Thornton Malaysia PLT, have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of the MMLR, for inclusion in this Annual Report for the financial year ended 30 June 2024.

The review of this Statement by the external auditors was performed in accordance with the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

The external auditors have reported that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group's overall risk management and internal control system is adequate and effective, providing reasonable assurance to safeguard the interests of stakeholders and the Group's assets. There were no material weaknesses or deficiencies in the system of risk management and internal control that have directly resulted in any material loss to the Group.

The Group CEO and Group CFO have, to the best of their knowledge and based on a review undertaken on the state of risk management and internal control, provided documented assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively based on the ERM and internal control framework of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 26 September 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (the “Board”) of Inari Amertron Berhad and its subsidiaries (“Inari” or the “Company”) is pleased to present the Audit Committee Report for the financial year ended 30 June 2024 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

AUDIT COMMITTEE MEMBERS

The composition of the Audit Committee comprises only Independent Non-Executive Directors. The composition, including the name, designation and directorship of the members are as follows:

Dato’ Mohamad Azmi Bin Ali
Chairman, Independent Non-Executive Director

Datuk Phang Ah Tong
Independent Non-Executive Director

Datuk Mohamed Arsad Bin Sehan
Independent Non-Executive Director

COMPOSITION COMPLIANCE

The Audit Committee composition complies with MMLR and the Malaysian Code on Corporate Governance (“MCCG”) :

MMLR	Inari Audit Committee
Paragraph 15.09(1)(a) & (b)	Audit Committee consists of three (3) members, all of whom are Independent Non-Executive Directors
Paragraph 15.09(1)(c)	The Chairman, Dato’ Mohamad Azmi, is a member of the Malaysian Institute of Accountants
Paragraph 15.09(2)	None of the Committee members is an alternate director
Paragraph 15.10	The Chairman is an Independent Director

MCCG Practice	Inari Audit Committee
Practice 9.1	Dato’ Mohamad Azmi is not the Chairman of the Board
Practice 9.2	None of the Committee members is a former partner of the external audit firm of Inari
Practice 9.4 (Step-up)	All members are Independent Non-Executive Directors
Practice 9.5	All members are financially literate, competent and are able to understand matters under the purview of Audit Committee including the financial reporting process

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year ended 30 June 2024 and the details of attendance of each committee member is as follows:

Audit Committee Member	Attendance
1 Dato’ Mohamad Azmi Bin Ali	5/5
2 Datuk Phang Ah Tong	5/5
3 Datuk Mohamed Arsad Bin Sehan	5/5

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCE *(cont'd)*

The Group Chief Executive Officer and Group Chief Financial Officer attend the meetings to facilitate direct communication and provide clarification on audit issues, financial reports and operations of the Group. Representatives of the internal auditors and external auditors are also invited to attend the meetings when necessary. During the financial year, the Audit Committee members held a private discussion with the external auditors without the presence of the Management to review and discuss material issues and concerns.

The minutes of each Audit Committee meeting are accurately recorded reflecting the deliberations and decisions of the Committee and are tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation. The Chairman of the Audit Committee apprises the Board of relevant and significant issues raised by the internal auditors and external auditors.

The performance and effectiveness of the Audit Committee is assessed annually. The Board, through the Nomination Committee, reviewed and evaluated the performance of the Committee and its members for the financial year 2024. Based on the outcome of the annual assessment, the Board is satisfied that the Audit Committee and its members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference during the financial year.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee, which outline composition, authority, duties and responsibilities, meeting, reporting and disclosure are published on the Company's website at www.inari-amertron.com.

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE

The primary activities and work undertaken by the Audit Committee in the discharge of its functions and duties for the financial year under review included the following:

1. Financial Reporting

- Reviewed the Group's quarterly financial reports including the announcements in relation thereof, prior to recommending to the Board for its approval and release of the Group's financial results to Bursa Securities.

The review is to ensure that the Group's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards as well as applicable disclosure enumerations of the MMLR and any other legal and regulatory requirements.

- Reviewed the audited financial statements of the Group prior to recommending the said statements for consideration and approval by the Board, to ensure that they presented a true and fair view of the Group's financial position and performance for the year and complied with regulatory requirements.
- Discussed and reviewed the integrity of information, regulatory and accounting standards compliance in the audited financial statements and quarterly financial reports, considered and focused particularly on the following areas:
 - Changes in or implementation of major accounting policy or accounting standards;
 - Significant matters or unusual events or transactions highlighted by the Management or the external auditors including financial reporting issues and how these matters were addressed; and
 - Management judgements and estimations made on the recognition, measurement and presentation of the financial statements.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE (cont'd)

2. Internal Audit

- Reviewed and approved the annual internal audit and Enterprise-Wide Risk Management (“ERM”) plan, covering the assessment and identification of principal risk areas which include sustainability risk, climate change risk, interruption of electricity supply and foreign exchange fluctuations, and key risk management and internal control processes to ensure there are adequate scope and comprehensive coverage over the activities within the Group and that the risk areas are audited annually.
- Reviewed the internal audit reports presented by the internal auditors which encompass the results of the internal audit assessments, recommendations and proposed enhancements suggested by the internal auditors, the respective Management personnel’s responses and corrective actions taken by Management in addressing and resolving issues in a timely manner.
- Reviewed the progress of implementing the recommended actions for outstanding audit findings to ensure all key risks and controls issues were addressed.
- Reviewed adequacy and effectiveness of the Group’s internal control system and provide reasonable assurance on the Group’s internal control system with the objective to minimise potential occurrence of fraud and material misstatement or error.
- Reviewed whistleblowing cases, if any, and Management’s responses and resolutions thereon. During the financial year ended 30 June 2024, there were no unethical or corrupt practices reported to the designated officers via the reporting channel for whistleblowing established by the Company.
- Reviewed the methods and procedures by which the prices and other terms of recurrent related party transaction (“RRPT”) were determined to ensure that they were undertaken on an arm’s length basis and on normal commercial terms that were consistent with the Group’s usual business practices and policies, and were not more favourable to the related parties than those generally available to the public.
- Reviewed and approved the fees of the outsourced internal auditors.

3. External Audit

- Discussed and reviewed with the external auditors the Audit Planning Memorandum which covered, amongst others, the following:
 - Audit objective and scope
 - Audit strategy and approach
 - Areas of significant risks which require special audit consideration and planned audit procedures
 - Key audit matters such as revenue recognition, recoverability of trade receivables and inventory valuation and existence
 - Latest pronouncements of Malaysian Financial Reporting Standards which are effective for the Group on and after 1 January 2024
 - Annual transparency report issued by the external auditors
 - Impact of Environmental, Social and Governance (ESG) on financial reporting
 - Audit timeline and reporting schedule
- Discussed and reviewed with the external auditors the audit status and significant changes to audit plans, comparison of results, compliance with laws and regulations and fraud related matters, recommendation for improvement in the internal control, statement of communication, audit independence and audit opinion.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE (cont'd)**3. External Audit** (cont'd)

- Discussed and reviewed the audit and non-audit fees of the external auditors.
- Held private discussion with the external auditors without the presence of the Management to provide the external auditors and the Audit Committee members an opportunity to discuss area of concern or additional matters. No major concerns were highlighted and the external auditors had confirmed that they received full co-operation and support from the Management and employees of the Group in the course of their audit and were granted unrestricted access to the Group's records.
- Reviewed and assessed the performance, suitability and independence of the external auditors in carrying out statutory audit for the Group pursuant to the Policy on External Auditor. The evaluation criteria include, amongst others, the quality of service, communication, adequacy of resources as well as the exercise of independence and objectivity. The Audit Committee members received confirmation from the external auditors that they have complied with the independence requirements set out in 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 that they have fulfilled their ethical responsibilities in accordance with the By-Laws and the IESBA Code throughout their audit engagement.

The Audit Committee was satisfied with the outcome of the performance assessment and independence of the external auditors and therefore, had recommended to the Board to re-appoint Grant Thornton Malaysia PLT as the external auditors of the Company. The re-appointment of Grant Thornton Malaysia PLT was approved by shareholders at the last Annual General Meeting.

4. Recurrent Related Party Transactions

- Reviewed the RRPT of a revenue or trading nature entered into by the Group on a quarterly basis.
- Reviewed the Circular to Shareholders pertaining to the RRPT of the Group and the methods and procedures by which prices and other terms of RRPT were determined to ensure that they were undertaken on an arm's length basis and on normal commercial terms that were consistent with the Group's usual business practices and policies, and were not more favourable to the related parties than those generally available to the public. The Audit Committee ascertained that the prices and terms of RRPT were not more favourable to the related parties than those extended to the public and were not detrimental to our minority shareholders.

5. Conflict of interest

- Reviewed conflict of interest or potential conflict of interest (excluding related party transaction) based on declaration by Directors and senior management. In FY2024, no conflict of interest was identified.

6. Other Activities

- Reviewed and recommended Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report to the Board for approval.
- Reviewed the Board Charter, Terms of Reference of Audit Committee and Code of Business Conduct and Ethics which had been updated based on the amended MMLR of Bursa Securities in relation to conflict of interest.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF THE WORK OF INTERNAL AUDITORS

The Audit Committee obtains reasonable assurance on the effectiveness of the Group's system of internal controls via the internal audit function which is responsible for the regular review and assessment of the effectiveness of the risk management, internal control and governance processes of the Group.

The Group's internal audit function has been outsourced to a reputable professional service provider firm which assists the Audit Committee and the Board in evaluating the Group's risk management and internal control system to provide independent assurance on the adequacy and effectiveness of risk management, internal control and governance processes of the Group.

The activities undertaken by the internal auditors for the financial year ended 30 June 2024 included the following:

- Presented internal audit plan and ERM plan for the Audit Committee's review and endorsement;
- Presented ERM reports include integrity risks, sustainability risk, climate change risk, supply chain risk and other risks for the Audit Committee's review and endorsement;
- Reviewed the effectiveness and adequacy of the existing systems and procedures, controls and governance processes within the Group;
- Conducted audit field works and evaluated risk exposure relating to the Group's system of internal controls on integrity of financial and operational information, safeguarding of assets, operational efficiency, compliance with established policies and procedures and statutory requirements;
- Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings pertaining to the systems and controls and presented them to the Audit Committee for review and deliberation; and
- Performed follow-up audit and review to ensure that the agreed recommendations had been implemented effectively and in a timely manner.

The internal auditors performed its audit assignments based on the annual audit plan approved by the Audit Committee. The internal audit reports presented by the internal auditors for the financial year ended 30 June 2024 covered the following areas:

- Inventory management and material planning;
- Shipment to customer, billing and collection;
- Vendor bidding and selection process;
- Facility management;
- Fixed asset management;
- Information technology general controls;
- Software licensing management;
- Recurrent Related Party Transactions review; and
- Enterprise-wide risk management.

The total fee paid/payable for the outsourcing of the internal audit function for the financial year ended 30 June 2024 was RM338,000 (2023: RM298,000).

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 166 to 171 of the Annual Report.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	300,062	268,276
Profit for the financial year attributable to:-		
- Owners of the Company	300,193	
- Non-controlling interests	(131)	
Profit for the financial year	300,062	

DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid the following dividends:-

	RM'000
<u>In respect of the financial year ended 30 June 2023:-</u>	
Fourth interim single tier dividend of 2.00 sen per share, paid on 6 October 2023	74,814
<u>In respect of the financial year ended 30 June 2024:-</u>	
First interim single tier dividend of 2.20 sen per share, paid on 5 January 2024	82,414
Second interim single tier dividend of 2.20 sen per share, paid on 5 April 2024	82,595
Third interim single tier dividend of 1.90 sen per share, paid on 5 July 2024	71,567
	311,390

DIRECTORS' REPORT

cont'd

DIVIDENDS (cont'd)

The Company had on 27 August 2024 declared a fourth interim single tier dividend of 1.40 sen per ordinary share in respect of the financial year ended 30 June 2024 amounting to RM53,033,815 payable on 10 October 2024. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings for the financial year ending 30 June 2025.

The Directors do not recommend any final dividend for the current financial year.

RESERVES AND PROVISIONS

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

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.

Dato' Dr. Tan Seng Chuan*

Lau Kean Cheong*

Dato' Wong Gian Kui*

Ho Phon Guan*

Mai Mang Lee*

Dato' Sri Thong Kok Khee*

Ahmad Ridzuan Bin Wan Idrus

Datuk Phang Ah Tong

Dato' Mohamad Azmi Bin Ali

Datuk Mohamed Arsad Bin Sehan

Dato' Ong Eng Bin

(Appointed on 31 January 2024)

Dr. Tunku Alina Binti Raja Muhd Alias

(Appointed on 27 August 2024)

Thong Mei Chuen

(Alternate Director to Dato' Sri Thong Kok Khee)

Dato' Sri Chee Hong Leong, JP

(Retired on 23 November 2023)

* also Director of certain subsidiaries of the Company

The Directors of subsidiaries of the Company who held office during the financial year and up to the date of this report other than those named above, are:-

Chong Poh Leng

Dr. Estrella F. Alabastro

Lee Salvatore R. Echiverri

Tang, Liang

Chua Yee Heong

Lim Kok Yeow

Zhao Sen

Li Zheng

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of the Directors in office in the shares and share options of the Company and of its related corporations at the financial year end are as follows:-

	Number of ordinary shares			
	At 1.7.2023	Bought/ Exercised share options	Sold	At 30.6.2024
Directors of the Company				
Direct interest in the Company				
Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.	190,325	-	-	190,325
Dato' Dr. Tan Seng Chuan	1,612,453	1,664,000	(1,420,400)	1,856,053
Lau Kean Cheong	36,862,425	-	-	36,862,425
Dato' Wong Gian Kui	132,000	626,000	(582,000)	176,000
Ho Phon Guan	34,500,628	3,456,000	(5,440,000)	32,516,628
Mai Mang Lee	12,916,316	2,264,000	(3,299,200)	11,881,116
Dato' Sri Thong Kok Khee	1,998,700	-	-	1,998,700
Thong Mei Chuen	708,451	-	-	708,451
Deemed interest in the Company				
Lau Kean Cheong ⁽ⁱ⁾	13,482,997	-	-	13,482,997
Mai Mang Lee ⁽ⁱⁱ⁾	2,000,000	-	-	2,000,000
Dato' Sri Thong Kok Khee ⁽ⁱⁱⁱ⁾	538,554,276	10,000,000	(31,000,000)	517,554,276
Director of the subsidiaries of the Company				
Direct interest in the Company				
Chong Poh Leng	-	730,000	(480,000)	250,000

Notes:

(i) Deemed interest by virtue of Section 59(11) of the Companies Act 2016 held through spouse.

(ii) Deemed interest by virtue of Section 59(11) of the Companies Act 2016 held through children.

(iii) Deemed interest by virtue of Section 8(4) and Section 59(11) of the Companies Act 2016 held through Insas Berhad, Immobillaire Holdings Pte. Ltd. and children.

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS IN SHARES (cont'd)

According to the Register of Directors' Shareholdings, the interests of the Directors in office in the shares and share options of the Company and of its related corporations at the financial year end are as follows:- (cont'd)

	Number of shares options			
	At 1.7.2023	Granted	Exercised	At 30.6.2024
Share options of the Company				
Directors of the Company				
Dato' Dr. Tan Seng Chuan	2,592,000	864,000	(1,664,000)	1,792,000
Lau Kean Cheong	6,912,000	2,304,000	-	9,216,000
Dato' Wong Gian Kui	2,592,000	864,000	(626,000)	2,830,000
Ho Phon Guan	2,592,000	864,000	(3,456,000)	-
Mai Mang Lee	2,592,000	864,000	(2,264,000)	1,192,000
Director of the subsidiaries of the Company				
Chong Poh Leng	730,000	255,000	(730,000)	255,000

Direct interest in subsidiary of the Company

Direct interest in Amertron Incorporated

	Number of ordinary shares			
	At 1.7.2023	Bought	Sold	At 30.6.2024
Directors of the Company				
Dato' Dr. Tan Seng Chuan	2	-	-	2
Lau Kean Cheong	2	-	-	2
Mai Mang Lee	1	-	-	1
Directors of the subsidiary of the Company				
Dr. Estrella F. Alabastro	1	-	-	1
Lee Salvatore R. Echiverri	1	-	-	1

Other than disclosed above, according to the Register of Directors' Shareholdings, the other Directors in office at the end of the financial year did not hold any interest in the shares and share options of the Company or its related corporations during the financial year.

DIRECTORS' REPORT

cont'd

DIRECTORS' FEES AND BENEFITS

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

	Incurring by the Group	Incurring by the Company
	RM'000	RM'000
Directors' fees	895	895
Directors' remuneration and benefits	9,650	774
Non-Executive Directors' allowance	34	34
Premium paid for insurance effected for the Directors	38	38

During the financial year, the fair value of the share-based payments based on Black-Scholes model granted to the Directors of the Company incurred by the Group and by the Company amounting to RM1,549,000 and RM232,000 respectively.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the share options granted pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown above) by reason of a contract made by the Company or a related corporation with a 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a Directors' and Officers' Liability Insurance which provides insurance cover for any legal action taken against the Directors and Officers of the Company in the course of discharging their duties, provided that they have not acted fraudulently or dishonestly or derived a personal profit or advantage. The total amount of insurance premium paid during the financial year was RM38,000.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital increased from RM2,033,397,743 to RM2,144,293,107 by way of the issuance of 41,365,600 new ordinary shares pursuant to the exercise of share options under the ESOS. Details of the exercise prices of the ESOS are disclosed in the ESOS section below.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of any debentures during the financial year.

DIRECTORS' REPORT

cont'd

ESOS

At an Extraordinary General Meeting held on 23 November 2022, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS is in force for a period of five (5) years commencing from 23 November 2022 to 22 November 2027.

The movements of share options during the financial year are as follows:-

Offer date	Exercise price RM	Number of share options				At 30.6.2024 Unit
		At 1.7.2023 Unit	Granted Unit	Exercised Unit	Lapsed* Unit	
24.11.2022	2.560	47,607,500	-	(22,567,500)	(1,155,900)	23,884,100
29.05.2023	2.340	24,593,000	-	(16,681,800)	(409,900)	7,501,300
09.01.2024	3.070	-	27,661,000	(2,116,300)	(629,500)	24,915,200
		72,200,500	27,661,000	(41,365,600)	(2,195,300)	56,300,600

* Lapsed due to resignation

The salient features of the ESOS are disclosed in Note 34 to the Financial Statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- to ascertain that proper 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 there were no bad debts to be written off and no provision for doubtful debts was required; and
- to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION (cont'd)

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year to secure the liability of any other person; and
- (b) any contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent or other liability of the Group and of the Company have 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 and of the Company to meet their obligations as and when they fall due;
- (b) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

The amount of audit fee paid or payable to the auditors and its member firms by the Group and the Company for the financial year ended 30 June 2024 amounted to RM472,800 and RM75,000 respectively. Further details are disclosed in Note 21 to the Financial Statements.

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

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

DATO' DR. TAN SENG CHUAN

Director

LAU KEAN CHEONG

Director

26 September 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 191 to 254 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and cash flows for the financial year then ended.

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

DATO' DR. TAN SENG CHUAN

LAU KEAN CHEONG

26 September 2024

STATUTORY DECLARATION

I, Chong Poh Leng, being the Officer primarily responsible for the financial management of Inari Amertron Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 191 to 254 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur)
in the Federal Territory on)
26 September 2024)

CHONG POH LENG
(MIA NO: CA 15821)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Inari Amertron Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Inari Amertron Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 191 to 254.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue recognition is under area of audit focus as the magnitude and high volume of transactions may give rise to material misstatements in the timing and recognition of revenue. Specifically, we focused our audit efforts to address the possibility of overstatement of revenue.

Our procedures included, amongst others:-

- Obtained an understanding of the Group's relevant policies and procedures over the timing and amount of revenue recognised;
- Inspected the documents evidencing the delivery of goods to customers to determine the point of which control was transfer for goods sold and services rendered;
- Evaluated and tested the controls relating to revenue recognition;
- Performed substantive tests to verify the revenue recognised;
- Performed analytical procedures on the trend of revenue recognised to identify any abnormalities; and
- Performed cut-off test around the financial year end to check the revenue is recognised in the correct accounting period.

The Group's accounting policy and other related disclosures of revenue recognition are disclosed in Note 19 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT

To the members of Inari Amertron Berhad (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)**Key Audit Matters (cont'd)***Recoverability of trade receivables*

Due to the inherent subjectivity that is involved in making judgements in relation to credit risk exposures to determine the expected credit losses and recoverability of trade receivables, recoverability of trade receivables is considered as having a significant audit risk.

The Group applies a simplified approach in calculating the impairment losses on trade receivables and recognises a loss based on lifetime expected credit losses ("ECL"). The Group considers amongst others, its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in calculating the provision for expected credit losses.

Our procedures included, amongst others:-

- Evaluated the controls relating to credit control and approval process;
- Considered and evaluated the underlying assumptions used by management to derive at the loss rate based on an ECL model;
- Assessed the recoverability of overdue receivables to historical patterns of receipts, in conjunction with reviewing receipts subsequent to the financial year end for its effect in reducing overdue receivables at the financial year end;
- Held discussions with management personnel to evaluate the management's view on justification on the appropriateness of ECL assessment; and
- Assessed the adequacy of the disclosures in respect of credit risk.

The Group's accounting policy, significant accounting estimate and judgement and other related disclosures of trade receivables are disclosed in Notes 2.6.1, 9 and 30 to the Financial Statements.

Inventories' valuation and existence

Inventories' valuation and existence are under significant audit risks as inventories may be held for long periods of time before sold, making it vulnerable to obsolescence or theft. This could result in an overstatement of the value of the inventories if the cost is higher than the net realisable value. Furthermore, the assessment and application of inventories provisions are subject to significant management judgement.

Our procedures included, amongst others:-

- Attended inventories count at the financial year end and to assess the adequacy of controls over the existence of inventories;
- Tested samples of inventories items to ensure they were held at the lower of cost and net realisable value; and
- Evaluated management judgement with regards to the application of inventories written down.

The Group's accounting policy, significant accounting estimate and judgement and other related disclosures of inventories are disclosed in Notes 2.6.1 and 8 to the Financial Statements.

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

INDEPENDENT AUDITORS' REPORT

To the members of Inari Amertron Berhad (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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.

INDEPENDENT AUDITORS' REPORT

To the members of Inari Amertron Berhad (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

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

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

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

We also provided 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 determined those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We described 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.

INDEPENDENT AUDITORS' REPORT

To the members of Inari Amertron Berhad (Incorporated in Malaysia)
cont'd

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, as disclosed in Note 4 to the Financial Statements.

OTHER MATTER

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

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

Kuala Lumpur
26 September 2024

LIM SOO SIM
(NO: 03335/11/2025 J)
CHARTERED ACCOUNTANT

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	779,431	509,024	85	80
Investment in subsidiaries	4	-	-	1,190,476	913,430
Investment in an associate	5	-	6,675	-	-
Intangible assets	6	10,980	2,486	-	-
Deferred tax assets	7	19,913	9,918	-	-
Total non-current assets		810,324	528,103	1,190,561	913,510
Current assets					
Inventories	8	181,011	183,216	-	-
Trade receivables	9	189,952	220,329	-	-
Other receivables, deposits and prepayments	10	63,574	190,708	166	105
Amount due from subsidiaries	11	-	-	70,000	50,000
Tax recoverable		48,534	13,402	-	-
Deposits, cash and bank balances	12	2,260,719	1,830,994	1,014,681	1,224,611
Total current assets		2,743,790	2,438,649	1,084,847	1,274,716
TOTAL ASSETS		3,554,114	2,966,752	2,275,408	2,188,226
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	13	2,144,293	2,033,398	2,144,293	2,033,398
Other reserves	14	72,360	72,678	10,945	11,683
Retained earnings		577,164	496,554	45,495	88,609
		2,793,817	2,602,630	2,200,733	2,133,690
Non-controlling interests	4	380,366	3,218	-	-
Total equity		3,174,183	2,605,848	2,200,733	2,133,690

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

cont'd

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (cont'd)					
LIABILITIES					
Non-current liabilities					
Retirement benefits obligations	15	2,469	2,787	-	-
Deferred tax liabilities	7	13,350	11,508	-	-
Lease liabilities	16	16,023	15,159	-	-
Total non-current liabilities		31,842	29,454	-	-
Current liabilities					
Trade payables	17	98,910	118,503	-	-
Other payables, accruals and other liabilities	18	175,743	157,616	3,065	2,198
Tax payable		1,193	2,725	43	77
Dividend payable		71,567	52,261	71,567	52,261
Lease liabilities	16	676	345	-	-
Total current liabilities		348,089	331,450	74,675	54,536
Total liabilities		379,931	360,904	74,675	54,536
TOTAL EQUITY AND LIABILITIES		3,554,114	2,966,752	2,275,408	2,188,226

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	19	1,478,749	1,354,003	241,680	303,680
Cost of sales		(1,155,046)	(999,035)	-	-
Gross profit		323,703	354,968	241,680	303,680
Other income		14,411	24,208	-	7,246
Administrative expenses		(92,629)	(75,804)	(8,667)	(32,616)
Operating profit		245,485	303,372	233,013	278,310
Finance income		66,690	52,926	37,144	37,089
Finance costs	20	(1,944)	(1,787)	-	-
Share of (loss)/profit of equity-accounted associate	5	(174)	1,265	-	-
Profit before tax	21	310,057	355,776	270,157	315,399
Tax expense	22	(9,995)	(30,751)	(1,881)	(1,171)
Profit for the financial year		300,062	325,025	268,276	314,228
Other comprehensive income, net of tax:-					
<i>Item that will not be subsequently reclassified to profit and loss</i>					
Remeasurement of retirement benefits		851	796	-	-
<i>Item that will be subsequently reclassified to profit and loss</i>					
Foreign currency translation of foreign operations		2,576	27,625	-	-
Total other comprehensive income for the financial year, net of tax		3,427	28,421	-	-
Total comprehensive income for the financial year		303,489	353,446	268,276	314,228
Profit for the financial year attributable to:-					
Owners of the Company		300,193	323,535	268,276	314,228
Non-controlling interests		(131)	1,490	-	-
		300,062	325,025	268,276	314,228
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		306,580	351,956	268,276	314,228
Non-controlling interests		(3,091)	1,490	-	-
		303,489	353,446	268,276	314,228
Earnings per share attributable to owners of the Company (sen):-	23				
- Basic		8.01	8.68		
- Diluted		7.98	8.68		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2024

Group	Note	Attributable to owners of the Company					
		Non-distributable			Distributable		
		Share capital	Capital reserve	Foreign currency translation reserve	ESOS reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
Balance at 1 July 2023		2,033,398	5,387	55,608	11,683	496,554	2,602,630
Total comprehensive income for the financial year		-	-	5,536	-	301,044	306,580
<i>Transactions with owners:-</i>							
Ordinary shares issued pursuant to exercise of ESOS	13,14	110,895	-	-	(7,590)	-	103,305
Share-based compensation pursuant to ESOS granted		-	-	-	6,852	-	6,852
Partial disposal of an existing subsidiary	4	-	-	(5,116)	-	90,956	85,840
Acquisition of a subsidiary	4	-	-	-	-	-	-
Dividends	25	-	-	-	-	(311,390)	(311,390)
		110,895	-	(5,116)	(738)	(220,434)	(115,393)
Balance at 30 June 2024		2,144,293	5,387	56,028	10,945	577,164	2,793,817
						380,366	3,174,183

Share capital
RM'000

Capital reserve
RM'000

Foreign currency translation reserve
RM'000

ESOS reserve
RM'000

Retained earnings
RM'000

Total
RM'000

Non-controlling interests
RM'000

Total equity
RM'000

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2024

cont'd

Attributable to owners of the Company									
Group	Note	Non-distributable				Distributable			
		Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2023									
Balance at 1 July 2022		1,977,180	5,387	27,983	21,037	473,464	2,505,051	5,984	2,511,035
Total comprehensive income for the financial year		-	-	27,625	-	324,331	351,956	1,490	353,446
Transactions with owners:-									
Ordinary shares issued pursuant to exercise of ESOS	13,14	56,218	-	-	(9,210)	-	47,008	-	47,008
Expiry of share option under ESOS		-	-	-	(11,842)	11,842	-	-	-
Share-based compensation pursuant to ESOS granted		-	-	-	11,698	-	11,698	-	11,698
Dividends	25	-	-	-	-	(313,083)	(313,083)	-	(313,083)
Dividends paid to non-controlling interest		-	-	-	-	-	-	(4,256)	(4,256)
Balance at 30 June 2023		2,033,398	5,387	55,608	11,683	496,554	2,602,630	3,218	2,605,848

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2024
cont'd

Company	Note	Share capital RM'000	Non-distributable ESOS reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
2024					
Balance at 1 July 2023		2,033,398	11,683	88,609	2,133,690
Total comprehensive income for the financial year		-	-	268,276	268,276
<i>Transactions with owners:-</i>					
Ordinary shares issued pursuant to exercise of ESOS	13,14	110,895	(7,590)	-	103,305
Share-based compensation pursuant to ESOS granted		-	6,852	-	6,852
Dividends	25	-	-	(311,390)	(311,390)
		110,895	(738)	(311,390)	(201,233)
Balance at 30 June 2024		2,144,293	10,945	45,495	2,200,733
2023					
Balance at 1 July 2022		1,977,180	21,037	75,622	2,073,839
Total comprehensive income for the financial year		-	-	314,228	314,228
<i>Transactions with owners:-</i>					
Ordinary shares issued pursuant to exercise of ESOS	13,14	56,218	(9,210)	-	47,008
Expiry of share option under ESOS		-	(11,842)	11,842	-
Share-based compensation pursuant to ESOS granted		-	11,698	-	11,698
Dividends	25	-	-	(313,083)	(313,083)
		56,218	(9,354)	(301,241)	(254,377)
Balance at 30 June 2023		2,033,398	11,683	88,609	2,133,690

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES					
Profit before tax		310,057	355,776	270,157	315,399
Adjustments for:-					
Depreciation of property, plant and equipment	3	123,105	106,712	49	36
Gain on disposal of property, plant and equipment	3	(221)	(282)	-	-
Property, plant and equipment written off	3	10	20	-	-
Impairment loss on investment in a subsidiary	4	-	-	-	25,121
Gain on winding up of a subsidiary	4(b)	-	-	-	(830)
Gain on disposal of an associate	5	(174)	-	-	-
Share of loss/(profit) of equity-accounted associate	5	174	(1,265)	-	-
Amortisation of intangible assets	6(b)	2	-	-	-
Allowance for slow moving inventories	8	572	2,675	-	-
Provision for retirement benefits obligations	15	564	598	-	-
Provision/(Reversal) for warranty	18	510	(6,889)	-	-
Interest expenses	20	1,944	1,787	-	-
Interest income		(66,690)	(52,926)	(37,144)	(37,089)
Equity-settled share-based payment transactions	24	6,852	11,698	488	596
Unrealised loss/(gain) on foreign exchange		5,703	(3,020)	322	(3,381)
Operating profit before working capital changes		382,408	414,884	233,872	299,852
Changes in working capital:-					
Inventories		2,468	(33,920)	-	-
Receivables		160,653	36,146	(61)	(49)
Payables		(40,569)	8,767	867	(973)
Cash generated from operations		504,960	425,877	234,678	298,830
Income tax paid		(55,278)	(58,305)	(1,915)	(1,014)
Income tax refunded		276	-	-	-
Interest received		66,690	52,926	37,144	37,089
Interest paid		(1,179)	(1,518)	-	-
Net cash from operating activities		515,469	418,980	269,907	334,905

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2024
cont'd

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	B	(180,701)	(113,016)	(54)	(59)
Acquisition of intangible assets	6	(34)	-	-	-
Proceeds from disposal of an associate	5	6,675	-	-	-
Proceeds from disposal of property, plant and equipment		641	329	-	-
Acquisition of a subsidiary, net of cash acquired	4&10(b)	280,171	(164,724)	-	(1,000)
Subscription of shares in existing subsidiaries		-	-	(270,682)	(2,500)
Proceeds from winding up of a subsidiary		-	-	-	4,429
Changes in amount due from subsidiaries (Placement)/withdrawal of fixed deposits with licensed banks		(299,040)	27,153	(1,094)	29,084
Net cash used in investing activities		(192,288)	(250,258)	(291,830)	(148,012)
FINANCING ACTIVITIES					
Dividends paid to:					
- owners of the Company		(292,084)	(342,383)	(292,084)	(342,383)
- non-controlling interests		-	(4,256)	-	-
Net proceeds from issuance of shares pursuant to ESOS		103,305	47,008	103,305	47,008
Repayment of lease liabilities	16	(651)	(769)	-	-
Net cash used in financing activities		(189,430)	(300,400)	(188,779)	(295,375)
CASH AND CASH EQUIVALENTS					
Net changes		133,751	(131,678)	(210,702)	(108,482)
Effects of changes in foreign exchange rates		(3,314)	17,832	(322)	3,381
Brought forward		1,803,506	1,917,352	1,201,420	1,306,521
Carried forward	A	1,933,943	1,803,506	990,396	1,201,420

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2024
cont'd

NOTES TO THE STATEMENTS OF CASH FLOWS**(A) Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the followings:-

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	12	387,295	265,447	23,968	21,681
Deposits with licensed banks	12	1,873,424	1,565,547	990,713	1,202,930
		2,260,719	1,830,994	1,014,681	1,224,611
Less:					
Fixed deposits with maturity more than 3 months	12	(326,776)	(27,488)	(24,285)	(23,191)
		1,933,943	1,803,506	990,396	1,201,420

Included in cash and cash equivalents of the Group and of the Company are amounts of RM1,252,663,000 and RM948,821,000 (2023: RM1,370,487,000 and RM1,160,332,000) placed in Islamic money market instruments, deposit and current accounts.

(B) Acquisition of property, plant and equipment

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Cash purchase	3	181,644	113,016	54	59
Acquisition via lease arrangements	16	(943)	-	-	-
Net cash outflows		180,701	113,016	54	59

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad under the “Technology” sector, with a sub-sector of “Semiconductors”.

The registered office of the Company is located at Suite 23.03, Level 23, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The corporate office of the Company is located at D-07-03, Plaza Kelana Jaya, Jalan SS 7/13A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 51, Jalan Hilir Sungai Keluang Empat, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia.

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the Financial Statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 September 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except as stated in the respective notes to the financial statements.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of measurement (cont'd)

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. Executive Committee has overall responsibility for overseeing all significant fair value measurements. The Executive Committee regularly reviews significant unobservable inputs and valuation adjustments.

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

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest thousand ('000) except when otherwise stated.

2.4 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods of the Group and of the Company starting from 1 July 2023. The details of the amendments that have impact on the Group's and the Company's financial statements are disclosed below.

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

2. BASIS OF PREPARATION *(cont'd)*

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

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies *(cont'd)*

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have had an impact on the Group's and Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and Company's financial statements.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments to MFRS 108 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

This distinction between these two types of changes is important as changes in accounting policies are normally applied retrospectively to past transactions and events, whereas changes in accounting estimates are applied prospectively to future transactions and events. The amendments have had no impact on the Group's and the Company's financial statements.

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective in respective financial year:-

Amendments to MFRSs effective 1 January 2024:-

Amendments to MFRS 16**	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 107** and MFRS 7**	Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements

Amendments to MFRS effective 1 January 2025:-

Amendments to MFRS 121*	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
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Amendments to MFRSs effective 1 January 2026:-

Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments
Amendments to MFRS 1**, MFRS 7, MFRS 9, MFRS 10* and MFRS 107	First-Time Adoption of Malaysian Financial Reporting Standards, Financial Instruments: Disclosures, Financial Instruments, Consolidated Financial Statements and Statements of Cash Flows

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

2. BASIS OF PREPARATION (cont'd)**2.5 Standards issued but not yet effective** (cont'd)

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective in respective financial year:- (cont'd)

Amendments to MFRSs effective 1 January 2027:-

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19 [#]	Subsidiaries without Public Accountability: Disclosures

Amendments to MFRSs - effective date deferred indefinitely:-

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

* Not applicable to the Company's operations

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 Presentation and Disclosure in Financial Statements introduces three sets of new requirements to improve the companies' reporting of financial performance:

- Improved comparability in the statement of profit or loss (income statement)
- Enhanced transparency of management-defined performance measures
- More useful grouping of information in the financial statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It carries forward many requirements from MFRS 101 unchanged. MFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, early adoption is applicable.

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

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

2. BASIS OF PREPARATION (cont'd)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment and intangible assets to be 2 to 60 years and reviews the useful lives at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to changes in the expected level of usage and developments, resulting in the adjustment to the Group's and the Company's assets.

The management expects that the expected useful lives of the property, plant and equipment and intangible assets would not have material difference from the management's estimation hence it would not result in material variance in the Group's and the Company's profit for the financial year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit ("CGUs") and determines a suitable interest rate in order to calculate the present value of those cash flows.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections derived from financial budgets approved by management. Management has made estimates about future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenues and operating profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Inventories

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

The Group's business is subject to economical and technological changes which may cause selling price to change rapidly, and as a result may impact on the Group's earnings.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd**2. BASIS OF PREPARATION** (cont'd)**2.6 Significant accounting estimates and judgements** (cont'd)**2.6.1 Estimation uncertainty** (cont'd)Inventories (cont'd)

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation. Hence it would not result in material variance in the Group's profit for the financial year.

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the technology/semiconductor sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs are significant estimate. The amount of ECLs are sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 30 to the Financial Statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with tax planning strategies.

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required on the application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised business losses and unrecognised temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

2. BASIS OF PREPARATION *(cont'd)*

2.6 Significant accounting estimates and judgements *(cont'd)*

2.6.1 Estimation uncertainty *(cont'd)*

Income taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for warranty

A subsidiary of the Group provides warranty for manufacturing defects of its products sold. The product warranty will be in effect based on the subsidiary's normal warranty period of one to three years. The cost of the warranty is estimated based on actual historical expenses incurred and estimated future expenses related to current sales, and are updated periodically.

The estimate has been made on the basis of historical warranty trends and may change as a result of new products introduced, new materials, altered manufacturing process or other events that may affect product quality. In such circumstances, the original basis used to calculate the amounts for warranty may need to be revised when it is appropriate.

Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the options granted. This estimate also requires to determine the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 34 to the Financial Statements.

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries in the selection of certain assumptions in calculating the obligations and cost of post-employment benefit. Those assumptions include, among others, discount rates, expected rate of return on plan assets and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognised expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligations.

The assumptions used and the fair value for retirement benefits obligations are disclosed in Note 15 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

2. BASIS OF PREPARATION (cont'd))

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Lease - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

2.6.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the significant effects on the financial statements.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use land and buildings	Leasehold land and land use right	Leasehold buildings	Renovation	Production equipment	Office equipment, electrical installation, furniture and fittings	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At cost									
Balance at 1 July 2022	17,788	50,077	208,623	34,052	782,919	102,719	1,241	636	1,198,055
Additions	-	-	5,085	831	91,451	14,508	-	1,141	113,016
Disposals	-	-	-	-	(5,437)	(116)	-	-	(5,553)
Written off	-	-	(9)	-	(4,857)	(878)	-	-	(5,744)
Derecognition [#]	(2,180)	-	-	-	-	-	-	-	(2,180)
Reclassification	-	-	227	383	151	113	-	(874)	-
Foreign currency translation	1,010	64	3,371	-	2,776	899	17	44	8,181
Balance at 30 June 2023	16,618	50,141	217,297	35,266	867,003	117,245	1,258	947	1,305,775
Additions	943	-	8,858	647	157,188	11,176	-	2,832	181,644
Acquisition of a subsidiary	-	7,917	-	-	42,849	2,176	438	161,881	215,261
Disposals	-	-	-	-	(6,079)	(581)	-	-	(6,660)
Written off	-	-	-	-	(2,876)	(693)	-	-	(3,569)
Reclassification	-	-	150,683	-	5,016	3,906	-	(159,605)	-
Foreign currency translation	150	(51)	586	-	5	115	(1)	(1,277)	(473)
Balance at 30 June 2024	17,711	58,007	377,424	35,913	1,063,106	133,344	1,695	4,778	1,691,978

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Right- of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Accumulated depreciation									
Balance at 1 July 2022	3,524	11,961	35,450	32,802	535,688	77,243	1,047	-	697,715
Charge for the financial year	1,539	1,452	6,919	981	85,221	10,530	70	-	106,712
Disposals	-	-	-	-	(5,390)	(99)	-	-	(5,489)
Written off	-	-	(2)	-	(4,853)	(869)	-	-	(5,724)
Derecognition [#]	(2,180)	-	-	-	-	-	-	-	(2,180)
Foreign currency translation	192	22	1,219	-	2,700	722	15	-	4,870
Balance at 30 June 2023	3,075	13,435	43,586	33,783	613,366	87,527	1,132	-	795,904
Charge for the financial year	1,207	1,492	6,806	987	100,826	11,708	79	-	123,105
Acquisition of a subsidiary	-	488	-	-	899	306	201	-	1,894
Disposals	-	-	-	-	(5,716)	(518)	-	-	(6,234)
Written off	-	-	-	-	(2,872)	(687)	-	-	(3,559)
Foreign currency translation	35	-	205	-	244	104	1	-	589
Balance at 30 June 2024	4,317	15,415	50,597	34,770	706,747	98,440	1,413	-	911,699

Derecognition due to lease expiry

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Right-of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated impairment loss									
Balance at 1 July 2022	-	-	-	-	807	9	-	-	816
Disposals	-	-	-	-	(17)	-	-	-	(17)
Foreign currency translation	-	-	-	-	47	1	-	-	48
Balance at 30 June 2023	-	-	-	-	837	10	-	-	847
Disposals	-	-	-	-	-	(6)	-	-	(6)
Foreign currency translation	-	-	-	-	7	-	-	-	7
Balance at 30 June 2024	-	-	-	-	844	4	-	-	848
Carrying amount									
Balance at 30 June 2024	13,394	42,592	326,827	1,143	355,515	34,900	282	4,778	779,431
Balance at 30 June 2023	13,543	36,706	173,711	1,483	252,800	29,708	126	947	509,024

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Renovation RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost				
Balance at 1 July 2022	108	356	191	655
Additions	1	58	-	59
Balance at 30 June 2023	109	414	191	714
Additions	49	5	-	54
Balance at 30 June 2024	158	419	191	768
Accumulated depreciation				
Balance at 1 July 2022	78	329	191	598
Charge for the financial year	12	24	-	36
Balance at 30 June 2023	90	353	191	634
Charge for the financial year	22	27	-	49
Balance at 30 June 2024	112	380	191	683
Carrying amount				
Balance at 30 June 2024	46	39	-	85
Balance at 30 June 2023	19	61	-	80

(a) Included in the Group's carrying amounts of property, plant and equipment amounting to RM1,740,000 (2023: RM1,805,000) of leasehold land and buildings are pledged to licensed banks for trade facilities granted to a subsidiary of the Company.

(b) Information about right-of-use assets:-

(i) Included in the carrying amounts of property, plant and equipment are right-of-use assets acquired under lease arrangements as follows:-

	Group	
	2024 RM'000	2023 RM'000
Right-of-use land and buildings	13,394	13,543
Leasehold land and land use right:-		
- Leasehold land with unexpired lease period of less than 60 years	34,561	35,987
- Prepaid land lease payments with unexpired lease period of less than 60 years	8,031	719
Leasehold buildings	326,827	173,711
Production equipment	432	477
	383,245	224,437

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Information about right-of-use assets:- (cont'd)

(ii) Additions to the right-of-use assets are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Right-of-use land and buildings	943	-
Leasehold buildings	8,858	5,085

(iii) Depreciation of right-of-use assets are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Right-of-use land and buildings	1,207	1,539
Leasehold land and land use right	1,492	1,452
Leasehold buildings	6,806	6,919
Production equipment	45	43

Material accounting policy information

Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less accumulated impairment losses, if any.

Depreciation is recognised on a straight-line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Right-of-use land and buildings	Over the lease period of 2 to 25 years
Leasehold land and land use right	Over the lease period of 25 to 60 years
Leasehold buildings	Over the lease period of 10 to 60 years
Renovation	3 to 10 years
Production equipment	3 to 12 years
Office equipment, electrical installation, furniture and fittings	3 to 10 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Material accounting policy information (cont'd)

Property, plant and equipment (cont'd)

Capital work-in-progress consists of property, plant and equipment under construction/installation for its intended use. It is reclassified to respective classes of property, plant and equipment once it is available for use. Capital work-in-progress is stated at cost and it is not depreciated until it is completed and ready for its intended use.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- Right-of-use land and buildings 2 to 25 years
- Right-of-use production equipment 12 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2024	2023
	RM'000	RM'000
At cost		
Unquoted ordinary shares	144,350	134,850
Unquoted redeemable convertible preference shares	993,478	732,296
Allocated ESOS charge in respect of share options granted to the employees of subsidiaries	96,419	90,055
Less: Accumulated impairment loss		
At beginning of financial year	(43,771)	(18,650)
Recognised during the financial year	-	(25,121)
At end of financial year	(43,771)	(43,771)
	1,190,476	913,430

NOTES TO THE FINANCIAL STATEMENTS

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4. INVESTMENT IN SUBSIDIARIES (cont'd)

The Company conducted an impairment review of its investment in subsidiaries at the reporting date principally based on the Company's share of net assets in these subsidiary companies, which represents the Management's estimation on the recoverable amount of the subsidiary companies. The review gave rise to the recognition of impairment in a subsidiary which the carrying amount of the subsidiary is stated to its recoverable amount. The recoverable amount of the subsidiary is measured according to the level 3 in the fair value hierarchy as disclosed in Note 2.2 to the Financial Statements. Details of the level 3 fair value method used in obtaining the recoverable amount are as follows:-

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

The details of the subsidiaries are as follows:-

Name of subsidiaries	Place of incorporation and principal place of business	Effective equity interest		Principal activities
		2024	2023	
		%	%	
Inari Technology Sdn. Bhd. ("ITSB")	Malaysia	100	100	Manufacturing of semiconductor related products and provision of electronic manufacturing services.
Inari Semiconductor Labs Sdn. Bhd. ("ISL")	Malaysia	100	100	Manufacturing of semiconductor related products, chip fabrication, die preparation and testing.
Inari Integrated Systems Sdn. Bhd. ("IIS")	Malaysia	100	100	Manufacturing of semiconductor related products and final testing of advanced communication chips.
Inari Optical Technology Sdn. Bhd. ("IOT")	Malaysia	100	100	Manufacturing, assembling and testing of optoelectronic and sensor components, modules and systems.
Inari South Keytech Sdn. Bhd. ("ISK")	Malaysia	100	100	Designing, developing and manufacturing of fiber optic products.
Inari Matrix Sdn. Bhd. ("IMSB")	Malaysia	100	100	Investment holding.
Simfoni Bistari Sdn. Bhd. ("SB")	Malaysia	100	100	Investment holding and property investment.
Inari International Limited ("IIL") *	Cayman Islands	100	100	Investment holding.
Inari Global (HK) Limited ("IGHK") *	British Virgin Islands	100	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

4. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:- (cont'd)

Name of subsidiaries	Place of incorporation and principal place of business	Effective equity interest		Principal activities
		2024	2023	
		%	%	
Inari Datamation Systems Sdn. Bhd. ("IDSSB")	Malaysia	100	100	Information technology consulting services, data processing solutions and information technology related services.
<u>Held through ISL</u>				
Hektar Teknologi Sdn. Bhd. ("HT")	Malaysia	100	100	Property investment.
<u>Held through IMSB</u>				
Inari MIT Sdn. Bhd. ("IMJV")	Malaysia	51	51	Design, assembly and supply of semiconductor manufacturing process tools, customised semiconductor process tools and parts.
<u>Held through IIL</u>				
Amertron Inc. (Global) Limited ("AIG") *	Cayman Islands	100	100	Investment holding.
<u>Held through AIG</u>				
Amertron Incorporated ("AIP") #	Philippines	100	100	Manufacturing of electronic and semiconductor related products and services include electronics optical fiber devices.
Amertron International Limited ("AIL") #	Hong Kong	100	100	Investment holding.
<u>Held through AIL</u>				
Yiwu Semiconductor International Corporation ("YSIC") #	People's Republic of China	54.5	-	Manufacturing of semiconductor related products and services.
<u>Held through YSIC/AIL</u>				
Amertron Technology (Kunshan) Co. Ltd. ("ATK") #@	People's Republic of China	54.5	100	Manufacturing of semiconductor related products and services include optoelectronics devices.

Audited by other member firms of Grant Thornton International Limited ("Grant Thornton")

* Audited by Grant Thornton Malaysia PLT for the purpose of forming group opinion

@ On 9 January 2023, AIG has transferred its 100% equity interest in ATK to AIL, subsequently during the current financial year ATK being transferred to YSIC as part of the consideration for Joint Venture Contract ("JV Contract") and Equity Subscription Agreement ("ESA") as detailed in the Note 4(a) to the Financial Statements. Throughout the transfer, a capital gain tax of RM28,634,000 been paid by AIG in relation to the transfer of ATK for fulfilment of the JV Contract and ESA, the capital gain tax had been recognised through equity as a result of the partial disposal of equity interest in ATK from 100% to 54.4648%.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

4. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:- (cont'd)

- (a) The changes of the investment in subsidiaries during the financial year are as follows:-

AIL had on 28 June 2022 entered into a JV Contract and an ESA with CFTC (Yiwu) Equity Investment Fund Partnership (Limited Partnership) ("CFTC (Yiwu)") and CFTC Equity Investment Management (Beijing) Co. Ltd ("CFTC Equity") for the purpose of carrying out OSAT manufacturing and the related businesses in China for the China market and to expand the existing operations of the Group in the China market through a joint-venture company, YSIC.

Pursuant to the terms of the ESA, AIL had on 27 March 2024 fully subscribed and paid up for YSIC's registered share capital amounting to Renminbi ("RMB") 430,000,000 (approximately RM280,252,000) by way of cash and transferred 100% of the equity interest in ATK to YSIC at fair value of RMB491,000,000 (approximately RM318,058,000). The fair value of consideration transferred for equity interest in ATK is represented by the agreed valuation in JV Contract and ESA.

On 19 June 2024, CFTC Equity has transferred all its equity interest of RMB1,000 in YSIC to AIL for fulfilment of the terms and conditions as stipulated in the JV Contract and ESA.

With the completion of the cash and equity contributions, and fulfilment of the terms and conditions as stipulated in the JV Contract and ESA, AIL has obtained control and consequently, YSIC became a 54.4648% indirectly owned subsidiary of the Company.

Business combination of YSIC and its subsidiary ("YSIC Group")

	Group RM'000
<u>Fair value of consideration transferred</u>	
Cash consideration	280,252
Equity interest in ATK	318,058
Total cost of investment	<u>598,310</u>
<u>Fair value of identifiable assets and liabilities at acquisition date</u>	
Property, plant and equipment	213,367
Investment in ATK	318,058
Inventories	172
Other receivables	29,724
Cash and bank balances	560,423
Other payables	(37,177)
Total identifiable net assets of YSIC	<u>1,084,567</u>
<u>Goodwill arising from business combination</u>	
Fair value of consideration transferred	598,310
Fair value of identifiable net assets	1,084,567
Non-controlling interest based on their proportionate interest of acquiree	(494,713)
Fair value of net assets acquired	<u>589,854</u>
Goodwill recognised	<u>8,456</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

4. INVESTMENT IN SUBSIDIARIES (cont'd)

- (a) The changes of the investment in subsidiaries during the financial year are as follows:- (cont'd)

Business combination of YSIC and its subsidiary ("YSIC Group") (cont'd)

The goodwill recognised on the acquisition is attributable mainly for the synergies expected to be achieved from integrating the subsidiary into the Group's existing business.

	Group RM'000
<u>Net cash inflow arising from business combination</u>	
Cash and cash equivalents acquired	560,423
Purchase consideration settled in cash	(280,252)
	<u>280,171</u>

The amounts of revenue and profit or loss of YSIC since the acquisition date and current financial year are not material to the Group.

Partial disposal of ATK as part of business combination of YSIC Group

	Group RM'000
Fair value of equity interest in ATK transferred	318,058
Total identifiable net asset of ATK	(66,660)
Gain on fair value of equity interest in ATK	251,398
Non-controlling interest proportionate of shares (%)	45.5352%
Transferred to non-controlling interest based on their proportionate interest	<u>114,474</u>

- (b) The changes of investment in subsidiaries in prior financial year are as follows:-

- CSB had been placed under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 in prior years and dissolved on 30 January 2023. No gain or loss arising from the derecognition of CSB at group level and upon winding up, the Company received final capital distribution from CSB amounted to RM4,428,986 which resulted in a gain on winding up amounted to RM830,426.
- On 28 February 2023, the Company incorporated a wholly-owned subsidiary, IDSSB with paid up of capital RM1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

4. INVESTMENT IN SUBSIDIARIES (cont'd)

- (c) The Company subscribed for additional ordinary shares and redeemable convertible preference shares ("RCPS") in its existing subsidiaries by capitalising the amount owing by the subsidiaries during the financial year as follows:-

Subsidiaries	Number of shares	
	Ordinary shares	Amount
2024	'000	RM'000
SB	9,500	9,500

Subsidiaries	Number of shares	
	RCPS	Amount
2024	'000	RM'000
AIL	130,000	82,342
ITSB	140,000	140,000
SB	1,200	1,200
ISL	43,800	43,800
		267,342

Subsidiaries	Number of shares	
	RCPS	Amount
2023	'000	RM'000
AIL	211,400	136,753
ITSB	143,000	143,000
HT	2,760	2,760
SB	2,700	2,700
AIG	7,000	32,753
		317,966

The Company subscribed in cash for additional RCPS in its subsidiary in prior year as follow:-

Subsidiaries	Number of shares	
	RCPS	Amount
2023	'000	RM'000
ISK	2,500	2,500

- (d) On 30 April 2024, HT redeemed 6,160,000 units of RCPS at the redemption price of RM1 per share.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

4. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) Non-controlling interests in subsidiaries

The details of the Group's subsidiaries that have material non-controlling interest at the end of the reporting year are as follows:-

2024	Yiwu Semiconductor International Corporation Group	Other Individually Immaterial Subsidiary	Total
Percentage of ownership interest and voting interest (%)	45.5		
Carrying amount of non-controlling interest (RM'000)	376,882	3,484	380,366
(Loss)/profit allocated to non-controlling interest (RM'000)	(397)	266	(131)

The summary of financial information before intra-group elimination for the Group's subsidiary that has material non-controlling interest is as follows:-

	Yiwu Semiconductor International Corporation Group RM'000
Summary of financial position as at 30 June 2024	
Non-current assets	479,844
Current assets	649,239
Non-current liabilities	(746)
Current liabilities	(39,908)
Net assets	1,088,429
Summary of financial performance for the financial period ended 30 June 2024	
Loss after tax	(872)
Other comprehensive income	24,094
Total comprehensive income	23,222
Included in the total comprehensive income is:	
Revenue *	20,708

* Revenue generated from ATK

Summary of cash flows for the financial period ended 30 June 2024

Net cash outflows from operating activities	(6,705)
Net cash inflows from investing activities	41,683
Net cash inflows from financing activities	648

The carrying amount and information of the non-controlling interests of the Group in prior financial year is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

5. INVESTMENT IN AN ASSOCIATE

	Group	
	2024	2023
	RM'000	RM'000
Unquoted shares, at cost	6,255	6,255
Share of post-acquisition reserve		
At beginning of financial year	420	(845)
Share of results	(174)	1,265
At end of financial year	246	420
Disposed during the financial year	(6,501)	-
At end of financial year	-	6,675

Details of the associate are as follows:-

Name of associate	Place of incorporation and principal place of business	Effective equity interest		Principal activity
		2024	2023	
		%	%	
<u>Held through IMSB</u>				
PCL Inari Technologies Sdn. Bhd. (“PCLI”) *	Malaysia	-	30	Manufacturing of wireless communication devices and electronic components.

* Audited by Grant Thornton Malaysia PLT

On 18 December 2023, IMSB entered into a Share Sale and Purchase Agreement to dispose off its entire 30% equity interest in PCLI to PCL Technologies Trading, Inc, a shareholder who owned 70% equity interest in PCLI for a cash consideration of RM6,675,670 which resulted a gain of RM174,000.

The disposal of PCLI was completed on 29 December 2023 and PCLI has ceased to be an associate of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

5. INVESTMENT IN AN ASSOCIATE (cont'd)

The summary of financial information of the associate is as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Summary of financial position		
Non-current assets	-	8,273
Current assets	-	14,824
Current liabilities	-	(845)
Net assets	-	22,252
Proportion of the Group's ownership in associate (%)	-	30%
Carrying amount of the Group's interest in associate (RM'000)	-	6,675
Summary of financial performance		
Revenue	15,352	54,596
Total comprehensive (loss)/income for the financial year	(581)	4,218
Group's share of (loss)/profit for the financial year	(174)	1,265

6. INTANGIBLE ASSETS

	Group	
Note	2024	2023
	RM'000	RM'000
Goodwill	(a) 10,948	2,486
Patents	(b) 32	-
	10,980	2,486

(a) Goodwill	Group
	RM'000
At cost	
Balance at 1 July 2022	2,340
Foreign currency translation	146
Balance at 30 June 2023	2,486
Additions	8,456
Foreign currency translation	6
Balance at 30 June 2024	10,948

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

6. INTANGIBLE ASSETS (cont'd)

(a) Goodwill (cont'd)

Goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose. The aggregate carrying amounts of goodwill allocated to each cash generating units are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
AIG's group of subsidiaries	2,507	2,486
YSIC	8,441	-
	10,948	2,486

For annual impairment testing purposes, the recoverable amount of all the cash generating units are determined based on their value-in-use, which applies a discounted cash flow model using cash flow projections based on approved financial budget and projections.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:-

(i) Cash flow projections and growth rate

The five (5) years cash flow projections are based on past experience and the five (5) years business plan. The anticipated annual revenue growth rate applied for the five (5) years cash flow projections is 5% (2023: 5%) derived through past experience. A terminal value is assigned at the end of the five (5) years cash flow projections based on an assumed growth rate of 5% (2023: 5%) in perpetuity. The growth rate of 5% (2023: 5%) is in line with information obtained from external sources.

(ii) Pre-tax discount rate

The pre-tax discount rate applied is 11.3% (2023: 12.0%), based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not reasonable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

6. INTANGIBLE ASSETS (cont'd)

(b) Patents

	Group RM'000
At cost	
Balance at 1 July 2022/30 June 2023	-
Additions	34
Balance at 30 June 2024	34
Accumulated amortisation	
Balance at 1 July 2022/30 June 2023	-
Charge for the financial year	2
Balance at 30 June 2024	2
Net carrying amount	
Balance at 30 June 2024	32
Balance at 30 June 2023	-

Patents refer to the Group's intellectual property rights in utility innovation having an average remaining amortisation period of 19 years.

As at the reporting date, the Group has incurred an amount of RM560,000 in relation to the application of patent rights which still pending for approval by the authority of respective jurisdictions and have yet to be capitalised under intangible assets.

Material accounting policy information

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses. The patents are amortised based on the estimated useful lives of 20 years.

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Deferred tax assets		Deferred tax liabilities	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Group				
Balance at beginning	9,918	1,704	(11,508)	(11,528)
Recognised in profit or loss	10,030	8,215	(1,699)	198
Recognised in other comprehensive income	(44)	(42)	-	-
Foreign currency translation	9	41	(143)	(178)
Balance at end	19,913	9,918	(13,350)	(11,508)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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7. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax assets and liabilities are attributable to the following:-

	Deferred tax assets		Deferred tax liabilities		Net	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Inventories	3,077	2,518	-	-	3,077	2,518
Property, plant and equipment	219	216	(26,093)	(25,576)	(25,874)	(25,360)
Provisions	16,643	13,342	-	-	16,643	13,342
Retirement benefits obligations	123	139	-	-	123	139
Unutilised capital allowances	11,974	7,401	-	-	11,974	7,401
Others	737	393	(117)	(23)	620	370
Deferred tax assets/(liabilities)	32,773	24,009	(26,210)	(25,599)	6,563	(1,590)
Set-off of deferred tax (liabilities)/assets	(12,860)	(14,091)	12,860	14,091	-	-
Net deferred tax assets/(liabilities)	19,913	9,918	(13,350)	(11,508)	6,563	(1,590)

8. INVENTORIES

	Group	
	2024	2023
	RM'000	RM'000
At net carrying amount		
Raw materials	139,454	139,516
Work-in-progress	26,769	31,897
Finished goods	10,260	8,386
Consumables	4,528	3,417
	181,011	183,216
Recognised in profit or loss:-		
Inventories recognised as cost of sales	1,146,427	988,545
Allowance for slow moving inventories	572	2,675

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
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8. INVENTORIES (cont'd)

Material accounting policy information

Cost of work-in-progress and finished goods consists of cost of raw materials used, direct labour and a proportion of production overheads incurred; while the cost of raw materials and consumables consists of the purchase price plus the cost of bringing the inventories to their present location. Cost of all inventories is determined on the weighted average cost basis.

9. TRADE RECEIVABLES

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

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other receivables	29,142	11,850	38	23
Advance to suppliers	7,513	2,771	-	-
Deposits	18,083	7,336	14	14
Prepayments	8,836	168,751	114	68
	63,574	190,708	166	105

(a) Included in the deposits are the followings:

- In the Group of RM13,202,600 (2023: RM2,640,520) paid for the acquisition of a piece of land by a subsidiary. As at the reporting date, perfection of transfer for the land title is in progress.
- In the Group and the Company are rental and utility deposits amounting to RM8,000 (2023: RM8,000) paid to a subsidiary of a substantial corporate shareholder of the Company.

(b) In prior year, included in the prepayments amounting to RMB252,919,200 (equivalents to RM164,724,000) being subscription consideration and capital gain tax of RM28,634,000 for the transfer of 100% equity interest in ATK as part of the proposed investment in YSIC which the transactions had been completed during the financial year as detailed in Note 4 to the Financial Statements.

11. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries represents dividend receivable which will be received upon the dividend payment date.

The Company has not recognised any loss allowance as the subsidiaries are having good financial standing. The risk of default is expected to be zero as there was no previous history of default.

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12. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash in hand	124	69	4	4
Cash at banks	387,171	265,378	23,964	21,677
Cash and bank balances	387,295	265,447	23,968	21,681
Short-term deposits with licensed financial institutions	1,546,648	1,538,059	966,428	1,179,739
Fixed deposits with maturity more than 3 months	326,776	27,488	24,285	23,191
Deposits with licensed banks	1,873,424	1,565,547	990,713	1,202,930
Total deposits, cash and bank balances	2,260,719	1,830,994	1,014,681	1,224,611

Short-term deposits with licensed financial institutions represent funds placed in Repo and Money Market with effective interest rates ranging from 1.05% to 5.40% (2023: 1.05% to 5.63%) per annum.

The effective interest rates of the fixed deposits with maturity period of more than 3 months as at the reporting date range from 1.95% to 5.20% (2023: 3.75% to 4.56%) per annum.

13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2024	2023	2024	2023
	Unit	Unit	RM'000	RM'000
<u>Issued and fully paid with no par value:-</u>				
Balance at beginning	3,732,934,799	3,707,673,199	2,033,398	1,977,180
Issued pursuant to exercise of ESOS	41,365,600	25,261,600	110,895	56,218
Balance at end	3,774,300,399	3,732,934,799	2,144,293	2,033,398

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

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

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14. OTHER RESERVES

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Capital reserve	(a)	5,387	5,387	-	-
Foreign currency translation reserve	(b)	56,028	55,608	-	-
ESOS reserve	(c)	10,945	11,683	10,945	11,683
		72,360	72,678	10,945	11,683

(a) Capital reserve

Capital reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries.

(b) Foreign currency translation reserve

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

(c) ESOS reserve

The ESOS reserve represents the equity-settled share options granted to eligible employees of the Group and of the Company. The ESOS reserve is made up of the cumulative value of services received from employees at grant date of the share options and is reduced by the expiry or exercise of the share options. The salient terms and key assumptions in deriving the fair value of the ESOS are disclosed in Note 34 to the Financial Statements.

15. RETIREMENT BENEFITS OBLIGATIONS

An indirect wholly-owned subsidiary of the Company maintains a funded, non-contributory defined benefit retirement plan for all qualifying employees. Under the retirement plan, the retirement age is 60 years. The benefit is paid in a lump sum upon retirement of separation in accordance with the terms of the plan.

The retirement benefits are administered by a trustee bank that is legally separated from the subsidiary and under supervision of the Board of Trustees of the plan, as required by relevant law in that jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

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15. RETIREMENT BENEFITS OBLIGATIONS (cont'd)

The following table shows a reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components.

	Group					
	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at beginning	6,289	6,276	(3,502)	(3,525)	2,787	2,751
Included in profit or loss						
Current service cost	564	598	-	-	564	598
Interest cost/(income)	352	318	(193)	(179)	159	139
	916	916	(193)	(179)	723	737
Included in other comprehensive income						
Remeasurement (gain)/loss						
- Actuarial (gain)/loss arising from:						
Financial assumptions	(846)	1,115	-	-	(846)	1,115
Experience adjustment	(125)	(2,071)	-	-	(125)	(2,071)
- Return on plan assets	-	-	76	118	76	118
	(971)	(956)	76	118	(895)	(838)
Benefits paid	(86)	(257)	86	257	-	-
Foreign currency translation	(328)	310	182	(173)	(146)	137
Balance at end	5,820	6,289	(3,351)	(3,502)	2,469	2,787

The fair value of plan assets available for retirement benefits are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Investments	3,350	3,501
Cash and cash equivalents	1	1
Fair value of plan assets	3,351	3,502

Investments represent investment in debt securities pertaining to government and corporate bonds that are carried at fair value and unit investment trust funds that are valued by the fund manager at fair value using the market-to-market valuation. While no significant changes in asset allocation are expected in the next reporting period, the Retirement Plan Trustee may make changes in any time.

Actuarial valuations are made to update the retirement benefit costs and the amount of contributions. The valuation of retirement benefit plan as of 30 June 2024 was based on latest available actuarial valuation report as of 30 June 2024 calculated by independent qualified actuaries.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
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15. RETIREMENT BENEFITS OBLIGATIONS (cont'd)

In determining the amounts of the retirement benefits obligations, the following significant actuarial assumptions were used:-

	Group	
	2024	2023
Discount rate (%)	6.81	5.92
Salary increase rate (%)	3.00	3.00
Projected retirement benefit (per year of service)	22.5 days	22.5 days
Withdrawal rates (%)		
Age		
19-24	7.70	7.70
25-29	5.90	5.90
30-34	3.30	3.30
35-39	1.20	1.20
40-44	0.70	0.70
≥ 45	0.40	0.40

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on retirement benefits obligations as of 30 June 2024, assuming all other assumptions were held constant.

- (i) If the discount rate is 1.00% higher (lower), the retirement benefits obligations would decrease by RM792,125 (increase by RM961,235) (2023: decrease by RM892,930 and increase by RM1,097,833); and
- (ii) If the salary growth rate is 1.00% higher (lower), the retirement benefits obligations would increase by RM989,932 (decrease by RM825,909) (2023: increase by RM1,120,357 and decrease by RM923,782).

16. LEASE LIABILITIES

	Group	
	2024	2023
	RM'000	RM'000
Balance at beginning	15,504	15,060
Additions	943	-
Interest expense	1,592	1,469
Repayment of principal	(651)	(769)
Repayment of interest	(827)	(1,200)
Foreign currency translation	138	944
Balance at end	16,699	15,504
Analysed by:-		
Current liabilities	676	345
Non-current liabilities	16,023	15,159
	16,699	15,504

The interest rates of the lease liabilities ranging from 4.63% to 10.50% (2023: 4.63% to 10.50%) per annum. The interest rates are fixed at the inception of the finance lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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16. LEASE LIABILITIES (cont'd)

The total cash outflows for leases as a lessee are as follows:-

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Lease liabilities:				
- Principal	651	769	-	-
- Interest paid	827	1,200	-	-
Short-term leases				
- Equipment	2,152	894	-	-
- Office premises	389	382	48	48
- Factory	1,174	1,052	-	-
Lease of low-value assets				
- Equipment	75	74	1	1
	5,268	4,371	49	49

Material accounting policy information

The Group applies the short-term lease recognition exemption to its short-term leases of equipment, office premises and factory (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

17. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 90 days (2023: 30 to 90 days).

Included in trade payables of the Group is an amount of RM11,251,000 (2023: RM20,491,000) owing to a related party which is a corporate shareholder of IMJV and is subject to the normal credit terms.

18. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Other payables and accruals	(a)	122,047	110,913	3,065	2,198
Refund liabilities	(b)	48,037	28,471	-	-
Amount due to customers	(c)	1,219	14,302	-	-
Provision of warranty	(d)				
- Balance at beginning		3,930	10,819	-	-
- Addition/(Reversal)		510	(6,889)	-	-
- Balance at end		4,440	3,930	-	-
		175,743	157,616	3,065	2,198

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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18. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES (cont'd)

- (a) In prior year, included in the other payables and accruals of the Group are rental deposit of RM215,000 received from an associate of the Company.
- (b) Refund liabilities included provision for retrospective volume rebates to certain customers once the quantity of products assembled and tested during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customers. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold.

The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

- (c) Amount due to customers arises from an exclusive agreement with certain customers wherein the difference between the purchase price and the standard cost of raw materials used in the manufacturing of specific product lines being sold to the said customers will be made payable to or receivable from the said customers, depending on the balance of the variance.
- (d) Provision for warranty include the cost of labour, material and related overhead necessary to repair a product during the warranty period. The warranty period is usually for a period of between one to three years. The Group accrues for the estimated cost of the warranty in the provision for warranty upon recognition of sale of the products or upon the products shipped, based on the Directors' best estimate of the expenditure required to settle the Group's obligation. Actual warranty costs are charged against the provision for warranty.

19. REVENUE

(a) Disaggregated revenue information

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Types of goods or services				
Outsourced semiconductor assembly and test services	1,477,246	1,353,859	-	-
Electronic manufacturing services	1,503	144	-	-
Gross dividend income from subsidiaries	-	-	240,000	302,000
Management fee from a subsidiary	-	-	1,680	1,680
	1,478,749	1,354,003	241,680	303,680
Geographical markets				
Malaysia	73,721	70,720	241,680	303,680
Singapore	1,304,718	1,185,970	-	-
China	86,671	83,222	-	-
United States	4,357	4,933	-	-
Hong Kong	8,754	9,158	-	-
Others	528	-	-	-
	1,478,749	1,354,003	241,680	303,680

NOTES TO THE FINANCIAL STATEMENTS

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19. REVENUE (cont'd)

(a) Disaggregated revenue information (cont'd)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition				
At a point in time	1,478,749	1,354,003	-	-
Overtime	-	-	1,680	1,680

(b) Performance obligations

The performance obligation for outsourced semiconductor assembly and test services is satisfied upon services rendered.

The performance obligation for electronic manufacturing services is satisfied upon delivery of goods.

The obligations for rebates, warranty and other similar or related obligations are disclosed in Note 18 to the Financial Statements.

There were no remaining performance obligations unsatisfied as at the reporting date.

(c) Contract balances

		Group	
	Note	2024	2023
		RM'000	RM'000
Trade receivables	9	189,952	220,329
Refund liabilities	18	(48,037)	(28,471)
Amount due to customers	18	(1,219)	(14,302)

The trade receivables balances in relation to the revenue from contract with customers and the related payment terms are disclosed in Note 9 to the Financial Statements. The significant decrease of trade receivables was due to receipts collected.

There were no contract liabilities at the reporting date and previous years presented and no revenue was recognised from performance obligations satisfied in previous years.

20. FINANCE COSTS

	Group	
	2024	2023
	RM'000	RM'000
Lease liabilities interest	1,592	1,469
Retirement benefits obligations	352	318
	1,944	1,787

NOTES TO THE FINANCIAL STATEMENTS

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21. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Auditors' remunerations:				
Grant Thornton Malaysia PLT				
- statutory audit	306	305	75	75
- other services	11	10	11	10
Grant Thornton's member firms				
- statutory audit	167	126	-	-
- other services	170	129	21	13
Directors' fees	895	774	895	774
Non-Executive Directors' allowance	34	34	34	34
Realised (gain)/loss on foreign exchange	(3,542)	(12,334)	1,534	(3,035)
Other rental income	(2,864)	(2,352)	-	-

22. TAX EXPENSE

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Income tax expense recognised in profit or loss				
Current tax expense:-				
- Malaysia	13,511	32,135	1,641	1,141
- Overseas	4,753	7,203	-	-
Deferred tax	(7,597)	7,338	-	-
(Over)/Underprovision in prior years:-				
- Current tax	62	(174)	240	30
- Deferred tax	(734)	(15,751)	-	-
	(672)	(15,925)	240	30
	9,995	30,751	1,881	1,171

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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22. TAX EXPENSE (cont'd)

	Group	
	2024	2023
	RM'000	RM'000
Income tax expense recognised in other comprehensive income		
Deferred tax related to retirement benefits obligations	44	42

The reconciliation of tax expense of the Group and of the Company are as follows:-

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	310,057	355,776	270,157	315,399
Income tax at Malaysian statutory tax rate of 24% (2023: 24%)	74,414	85,386	64,838	75,696
Tax effects in respect of:-				
Different tax rate in other countries	(2,253)	(6,145)	-	-
Income not subject to tax	(12,619)	(12,218)	(64,985)	(81,984)
Expenses not deductible for tax purposes	6,453	6,589	1,788	7,429
Double deduction of expenses for tax purposes	-	(16)	-	-
Pioneer income not subject to tax	(55,134)	(27,141)	-	-
Movement of deferred tax assets not recognised	(194)	221	-	-
(Over)/Underprovision in prior years	(672)	(15,925)	240	30
Total tax expense	9,995	30,751	1,881	1,171

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of estimated assessable profits for the financial year.

Tax expense for the other taxation authorities is calculated at the rates prevailing in those respective jurisdictions.

The above recognised tax amounts are subject to acceptance of the respective countries relevant tax authorities.

A subsidiary of the Company had been granted pioneer status under the Promotion of Investments Act, 1986 by Malaysian Investment Development Authority ("MIDA") which certain line of its statutory income is exempted from tax for a period of five years effective from 1 September 2022.

NOTES TO THE FINANCIAL STATEMENTS

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22. TAX EXPENSE (cont'd)

The deferred tax assets not recognised as at the reporting date are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Unabsorbed business losses	25,672	25,672
Unutilised capital allowances	13,365	14,172
	39,037	39,844

The potential deferred tax assets in respect of these items have not been recognised as it is uncertain whether sufficient future taxable profits will be available against which certain subsidiaries can utilise the benefits. The unabsorbed business losses and unutilised capital allowances of the Group are available for offsetting against future taxable profits of respective subsidiaries, subject to no substantial changes in shareholdings of those entities under the Income Tax Act 1967 and subject to the relevant provision of Income Tax Act 1967.

The expiry terms of the unabsorbed business losses are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Year of assessment 2028	23,028	23,028
Year of assessment 2029	645	645
Year of assessment 2030	416	416
Year of assessment 2031	391	391
Year of assessment 2032	342	342
Year of assessment 2033	850	850
	25,672	25,672

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23. EARNINGS PER SHARE

(a) Basic

The basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company to the weighted average number of shares in issue during the reporting year as follows:-

	Group	
	2024	2023
Profit attributable to owners of the Company (RM'000)	300,193	323,535
Issued shares at 1 July (unit'000)	3,732,935	3,707,673
Effects of ordinary shares issued during the financial year (unit'000)	15,906	19,478
Weighted average number of ordinary shares at 30 June (unit'000)	3,748,841	3,727,151
Basic earnings per share (sen)	8.01	8.68

(b) Diluted

The calculation of diluted earnings per share is calculated by dividing the profit attributable to owners of the Company to the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares as follows:-

	Group	
	2024	2023
Profit attributable to owners of the Company (RM'000)	300,193	323,535
Weighted average number of ordinary shares as above (unit'000)	3,748,841	3,727,151
Effects of ESOS outstanding (unit'000)	11,722	2,305
Weighted average number of ordinary shares assumed to be in issue at 30 June (unit'000)	3,760,563	3,729,456
Diluted earnings per share (sen)	7.98	8.68

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24. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances, overtime, bonus and staff related expenses	264,921	217,799	2,501	2,593
Defined contribution plan	15,946	12,571	276	296
Provision for retirement benefits obligations	564	598	-	-
Social security contributions	3,966	3,321	10	13
	285,397	234,289	2,787	2,902

The fair value of the share-based payments based on Black-Scholes model granted to the employees of the Group and of the Company amounted to RM6,852,000 (2023: RM11,698,000) and RM488,000 (2023: RM596,000) respectively.

Included in the employee benefits expenses is the Directors' remunerations as below:-

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Directors' remunerations of the Company:-				
- Salaries and other emoluments	8,381	8,696	691	723
- Defined contribution plan	1,269	1,318	83	87
	9,650	10,014	774	810
Directors' remunerations of the subsidiaries:-				
- Salaries and other emoluments	72	70	-	-
	9,722	10,084	774	810

The fair value of the share-based payments based on Black-Scholes model granted to the Directors of the Company incurred by the Group and by the Company amounting to RM1,549,000 (2023: RM2,943,000) and RM232,000 (2023: RM442,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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25. DIVIDENDS

	Group and Company	
	2024	2023
	RM'000	RM'000
<u>In respect of the financial year ended 30 June 2022:-</u>		
- Fourth interim single tier dividend of 2.20 sen per share, paid on 6 October 2022	-	81,644
<u>In respect of the financial year ended 30 June 2023:-</u>		
- First interim single tier dividend of 2.60 sen per share, paid on 6 January 2023	-	97,053
- Second interim single tier dividend of 2.20 sen per share, paid on 6 April 2023	-	82,125
- Third interim single tier dividend of 1.40 sen per share, paid on 7 July 2023	-	52,261
- Fourth interim single tier dividend of 2.00 sen per share, paid on 6 October 2023	74,814	-
<u>In respect of the financial year ended 30 June 2024:-</u>		
- First interim single tier dividend of 2.20 sen per share, paid on 5 January 2024	82,414	-
- Second interim single tier dividend of 2.20 sen per share, paid on 5 April 2024	82,595	-
- Third interim single tier dividend of 1.90 sen per share, paid on 5 July 2024	71,567	-
	311,390	313,083

The Company had on 27 August 2024 declared a fourth interim single tier dividend of 1.40 sen per ordinary share in respect of the financial year ended 30 June 2024 amounting to RM53,033,815 payable on 10 October 2024. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings for the financial year ending 30 June 2025.

The Directors do not recommend any final dividend for the current financial year.

26. SEGMENTAL REPORTING

Business segments

Group

For management purposes, the Group is organised into business units based on their products and services, which comprise the following:-

- Segment I - Electronic manufacturing services, outsourced semiconductor assembly and test services.
- Segment II - Investment holding.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
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26. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

	Segment I		Segment II		Elimination		Note	Total	
	2024	2023	2024	2023	2024	2023		2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue									
External sales	1,478,749	1,354,003	-	-	-	-		1,478,749	1,354,003
Inter-segment sales	-	-	254,260	314,487	(254,260)	(314,487)	A	-	-
Total revenue	1,478,749	1,354,003	254,260	314,487	(254,260)	(314,487)		1,478,749	1,354,003
Results									
Segment results	251,983	309,296	234,936	592,067	(241,434)	(597,991)		245,485	303,372
Finance income	27,244	15,456	39,446	37,470	-	-		66,690	52,926
Finance costs	(1,944)	(1,787)	-	-	-	-		(1,944)	(1,787)
Share of (loss)/profit of equity-accounted associate	-	-	(174)	1,265	-	-		(174)	1,265
Profit before tax	277,283	322,965	274,208	630,802	(241,434)	(597,991)		310,057	355,776
Tax expense	(7,397)	(29,069)	(2,598)	(1,682)	-	-		(9,995)	(30,751)
Profit for the financial year	269,886	293,896	271,610	629,120	(241,434)	(597,991)		300,062	325,025
Assets									
Segment assets	1,407,646	885,549	2,643,575	2,244,617	(2,826,273)	(2,024,403)		1,224,948	1,105,763
Investment in an associate	-	-	-	6,675	-	-		-	6,675
Deferred tax assets	19,913	9,918	-	-	-	-		19,913	9,918
Tax recoverable	48,369	13,293	165	109	-	-		48,534	13,402
Deposits, cash and bank balances	1,215,893	583,375	1,044,826	1,247,619	-	-		2,260,719	1,830,994
Total assets	2,691,821	1,492,135	3,688,566	3,499,020	(2,826,273)	(2,024,403)		3,554,114	2,966,752

NOTES TO THE FINANCIAL STATEMENTS

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26. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

	Segment I		Segment II		Elimination		Note	Total	
	2024	2023	2024	2023	2024	2023		2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Liabilities									
Segment liabilities	366,138	414,647	158,015	135,225	(161,234)	(205,988)		362,919	343,884
Retirement benefits obligations	2,469	2,787	-	-	-	-		2,469	2,787
Deferred tax liabilities	6,435	4,739	3,224	3,222	3,691	3,547		13,350	11,508
Tax payable	1,150	2,648	43	77	-	-		1,193	2,725
Total liabilities	376,192	424,821	161,282	138,524	(157,543)	(202,441)		379,931	360,904
Other information									
Additions to non-current assets	180,157	115,200	11,544	2,571	(1,567)	(4,755)	B	190,134	113,016
Depreciation and amortisation	120,308	102,946	4,051	3,968	(1,252)	(202)		123,107	106,712
Other non-cash expenses/(income)	13,192	7,264	1,019	(2,182)	-	-	C	14,211	5,082

Notes to segment information:-

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of the followings:

	2024	2023
	RM'000	RM'000
Property, plant and equipment	181,644	113,016
Intangible assets	8,490	-
	190,134	113,016

NOTES TO THE FINANCIAL STATEMENTS

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26. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

Notes to segment information:- (cont'd)

C Other non-cash expenses/(income) consist of the following items:-

	2024	2023
	RM'000	RM'000
Property, plant and equipment written off	10	20
Allowance for slow moving inventories	572	2,675
Provision for retirement benefits obligations	564	598
Provision/(Reversal) for warranty	510	(6,889)
Equity-settled share-based payment transactions	6,852	11,698
Unrealised loss/(gain) on foreign exchange	5,703	(3,020)
	14,211	5,082

Geographical information

Non-current assets information based on the geographical location of assets are as follows:-

	2024	2023
	RM'000	RM'000
Malaysia	504,207	452,154
China	227,918	11,721
Philippines	58,286	54,310
	790,411	518,185

Non-current assets information presented above excludes deferred tax assets and consists of the following items as presented in the Group's statements of financial position.

	2024	2023
	RM'000	RM'000
Property, plant and equipment	779,431	509,024
Investment in an associate	-	6,675
Intangible assets	10,980	2,486
	790,411	518,185

Revenue information based on the geographical location of the customers are disclosed in Note 19 to the Financial Statements.

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26. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

Information of major customers

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

	Segments	Revenue	
		2024	2023
		RM'000	RM'000
Customer A	Segment I	1,351,596	1,236,129

27. CAPITAL COMMITMENTS

	Group	
	2024	2023
	RM'000	RM'000
Authorised and contracted for:		
- Property, plant and equipment	27,400	48,052

28. FINANCIAL GUARANTEES (UNSECURED)

	Company	
	2024	2023
	RM'000	RM'000
Corporate guarantee extended to licensed banks and financial institutions for facilities granted to subsidiaries		
- Limit	13,000	10,000
- Amount utilised	6,727	4,878

The fair value of the corporate guarantee is not recognised in the financial statements as the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024
cont'd

29. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The Group and the Company have related party relationship with its related companies and key management personnel. Related companies are related by virtue of having the same holding company.

(b) Related party transactions

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with subsidiaries:-</u>				
Dividend income	-	-	240,000	302,000
Management fee	-	-	1,680	1,680
<u>Transactions with related parties:-</u>				
Network services paid/payable to:				
- Diversified Gateway Berhad	17	3	17	3
Rental paid/payable to Premium Realty Sdn. Bhd.	48	48	48	48
Secretarial fee paid/payable to Megapolitan Management Services Sdn. Bhd.	48	42	17	17
Professional fees paid/payable to:				
- Megapolitan Management Services Sdn. Bhd.	159	176	155	170
- M & A Securities Sdn. Bhd.	-	53	-	53
Rental received from PCL Inari Technologies Sdn. Bhd.	430	861	-	-
Purchase from MIT Semiconductor Pte. Ltd.	33,364	25,732	-	-
Provision of support services from MIT Semiconductor Pte. Ltd.	360	360	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

29. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

The Directors are of the opinion that the above transactions were entered into in the normal course of business and had been established under normal trade terms.

The above parties are deemed related to the Group as follows:-

- (i) Megapolitan Management Services Sdn. Bhd., M & A Securities Sdn. Bhd. and Premium Realty Sdn. Bhd. are the subsidiaries of Insas Berhad.
- (ii) Diversified Gateway Berhad is a subsidiary of Divfex Berhad which is an associate company of Insas Berhad.
- (iii) MIT Semiconductor Pte. Ltd. is a corporate shareholder of IMJV.

(c) Related party balances

Outstanding balances arising from related party transactions are disclosed in Notes 10, 11, 17 and 18 to the Financial Statements.

(d) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries and other short-term employee benefits	9,650	10,014	774	810

The fair value of the share-based payments based on Black-Scholes model granted to the Directors of the Company incurred by the Group and by the Company amounting to RM1,549,000 (2023: RM2,943,000) and RM232,000 (2023: RM442,000) respectively.

30. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The Group and the Company carry only financial assets and financial liabilities at amortised cost on their statements of financial position.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, deposits paid, amount due from subsidiaries, deposits and cash and bank balances.

The Group's and the Company's financial liabilities at amortised cost include trade and other payables, accruals and other liabilities and dividend payable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

30. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their risks. The Group and the Company operate within policies that are approved by the Directors and the Group's and the Company's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures.

Following are the areas where the Group and the Company are exposed to credit risk:-

i. Receivables

At the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group and the Company use aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e., by geographical region, product type, customer type and rating and coverage by letters of credit or collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions.

Generally, the receivables are written off if the Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables are limited to the carrying amounts as stated in the statements of financial position. The Group's and the Company's receivables are highly credit worthy and have not historically defaulted on their repayment to the Group and the Company. As such, there is no expected credit losses as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

30. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk:- (cont'd)

i. Receivables (cont'd)

Trade receivables

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	Gross carrying amount RM'000	Loss allowances RM'000	Net balances RM'000
Group			
2024			
Not past due	189,680	-	189,680
Past due 1 to 30 days	272	-	272
	189,952	-	189,952
2023			
Not past due	217,333	-	217,333
Past due 1 to 30 days	699	-	699
Past due 31 to 60 days	2,297	-	2,297
	220,329	-	220,329

The Group has significant concentration of credit risks on 2 (2023: 2) customers which comprise approximately 97% (2023: 96%) of the trade receivables balance as at the reporting date.

Other receivables

Group and Company

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

30. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management** (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk:- (cont'd)

ii. Intercompany balances

The amount due from subsidiaries is deriving from dividend receivable. The maximum exposure to credit risk is represented by its carrying amount in the statements of financial position.

As at the reporting date, there was no indication that the amount due from subsidiaries is not recoverable.

iii. Financial guarantees

The Company provides unsecured corporate guarantees to licensed banks and financial institutions in respect of credit facilities granted to subsidiaries.

The maximum exposure to credit risk is disclosed in Note 28 to the Financial Statements, representing outstanding balance of credit facilities of the said subsidiaries as at the end of the reporting year. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

As at the reporting date, there was no indication that any of the subsidiaries would default on repayment.

iv. Cash and cash equivalents

Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. The Group and the Company have no significant concentration of credit risk with any single bank.

As at the reporting date, there was no indication that the cash and cash equivalents are not recoverable.

(b) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

30. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(b) Liquidity risk (cont'd)

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

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
Group						
2024						
Trade payables	98,910	98,910	98,910	-	-	-
Other payables, accruals and amount due to customers	123,266	123,266	123,266	-	-	-
Dividend payable	71,567	71,567	71,567	-	-	-
Lease liabilities	16,699	46,711	1,803	2,228	4,937	37,743
	310,442	340,454	295,546	2,228	4,937	37,743
2023						
Trade payables	118,503	118,503	118,503	-	-	-
Other payables, accruals and amount due to customers	125,215	125,215	125,215	-	-	-
Dividend payable	52,261	52,261	52,261	-	-	-
Lease liabilities	15,504	46,789	1,151	1,452	11,774	32,412
	311,483	342,768	297,130	1,452	11,774	32,412

Company

At the reporting date, the maturity profile of all the financial liabilities based on the contractual undiscounted repayment obligations is less than a year.

The Company has contractual cash flows relating to financial guarantees as detailed in Note 28 to the Financial Statements. The exposure to financial guarantee is for disclosure only which limited to the amount utilised, and no financial guarantee was called upon by the holders as at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

30. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(c) Interest rate risk

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

The Group's and the Company's fixed rate short-term deposits and the Group's lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	887,526	372,503	24,291	23,197
Financial liabilities	16,699	15,504	-	-
Floating rate instruments				
Financial assets	985,898	1,193,044	966,422	1,179,733

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

An increase of 0.25% in interest rate at the end of the reporting year would increase the Group's and the Company's net profit/equity for the financial year by RM2,465,000 (2023: RM2,983,000) and RM2,416,000 (2023: RM2,949,000) respectively, and a corresponding decrease would have an equal but opposite effect. This analysis assumes that other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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30. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(d) Foreign currency risk

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

The Group and the Company are exposed to foreign currency fluctuations primarily due to its normal trading activities whereby sales and purchases are principally transacted in United States Dollar ("USD") and its investment activities transacted in USD and Renminbi ("RMB"). The Group and the Company maintain foreign denominated bank accounts (predominantly USD and RMB denominated accounts) to facilitate the receipts of the Group's revenue and to pay for purchases denominated in foreign currencies as well as its investments activities in foreign currencies. The Group and the Company also hold cash and bank balances denominated in Taiwan Dollar ("TWD"). This provides some form of natural hedge against adverse foreign exchange fluctuations. In addition, the Group enters into foreign currency forward contracts to minimise its exposure against the USD.

The Group's and the Company's exposure to the USD, RMB and TWD based on the carrying amounts of financial assets and financial liabilities as at the end of the reporting date are as follows:-

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
USD Exposure				
Trade receivables	116,852	129,460	-	-
Other receivables	437	730	-	-
Deposits, cash and bank balances	300,362	183,724	48,176	43,369
Trade payables	(46,089)	(71,139)	-	-
Other payables, accruals and other liabilities	(71,967)	(61,934)	-	-
Net exposure	299,595	180,841	48,176	43,369
RMB Exposure				
Other receivables	367	300	-	-
Deposits, cash and bank balances	1,496	149,499	26	83,913
Trade payables	(1,895)	(1,334)	-	-
Other payables, accruals and other liabilities	(2,566)	(2,279)	(25)	(52)
Net exposure	(2,598)	146,186	1	83,861
TWD Exposure				
Deposits, cash and bank balances	19,967	20,686	19,967	20,686

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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30. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

	Group			Company		
	Profit for financial year/Equity			Profit for financial year/Equity		
	USD/RM	RMB/RM	TWD/RM	USD/RM	RMB/RM	TWD/RM
	'000	'000	'000	'000	'000	'000
2024						
Strengthened 1%	2,996	(26)	200	482	-	200
Weakened 1%	(2,996)	26	(200)	(482)	-	(200)
2023						
Strengthened 1%	1,808	1,462	207	434	839	207
Weakened 1%	(1,808)	(1,462)	(207)	(434)	(839)	(207)

This analysis confines to the carrying amounts of financial assets and liabilities denominated in USD, RMB and TWD as at the end of the reporting year and assumes that all other variables remain constant.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting year approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting year.

The Group enters into forward exchange contracts to manage its exposure to sales and purchases transactions and local operating expenditure that are denominated in USD. The fair value of the foreign currency forward contract has not been recognised in the financial statements as it is immaterial as at the end of the reporting date. The notional value of foreign currency forward contracts as at the end of the reporting year is as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	45,307	45,387

* Equivalent to USD9,600,000 (2023: USD9,700,000).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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32. FAIR VALUE MEASUREMENT OF NON-FINANCIAL INSTRUMENTS

The Group and the Company do not have any non-financial assets and liabilities measured at fair value.

33. CAPITAL MANAGEMENT

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

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

34. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 23 November 2022, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS is in force for a period of five (5) years commencing from 23 November 2022 to 22 November 2027.

The salient features of the ESOS scheme are as follows:-

- (a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed in aggregate ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time throughout the duration of the ESOS.
- (b) Any employee or Director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than one (1) year and must be a confirmed employee.
- (c) The option price shall be determined at a discount of not more than ten percent (10%) from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer.
- (d) The shares under options shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.
- (e) The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further five (5) years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

34. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The fair value of the share options granted was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted with the following inputs:-

	ESOS I	ESOS II	ESOS III
Underlying share price (RM)	2.54	2.47	3.15
Adjusted exercise price (RM)	2.56	2.34	3.07
Expected volatility (%)	7.45	8.95	5.98
Risk-free interest rate (% per annum)	3.90	3.90	3.90
Dividend yield (%)	3.86	3.40	2.48
Expected life of options (years)	4.99	4.49	3.87

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The movements of share options during the financial year are as follows:-

		Number of share options				
	Offer date	At 1.7.2023 Unit	Granted Unit	Exercised Unit	Lapsed* Unit	At 30.6.2024 Unit
ESOS I	24.11.2022	47,607,500	-	(22,567,500)	(1,155,900)	23,884,100
ESOS II	29.05.2023	24,593,000	-	(16,681,800)	(409,900)	7,501,300
ESOS III	09.01.2024	-	27,661,000	(2,116,300)	(629,500)	24,915,200
		72,200,500	27,661,000	(41,365,600)	(2,195,300)	56,300,600

		Number of share options				
	Offer date	At 1.7.2022 Unit	Granted Unit	Exercised Unit	Lapsed* Unit	At 30.6.2023 Unit
ESOS I	24.11.2022	-	49,924,000	(127,500)	(2,189,000)	47,607,500
ESOS II	29.05.2023	-	24,624,000	-	(31,000)	24,593,000
		-	74,548,000	(127,500)	(2,220,000)	72,200,500

* Lapsed due to resignation

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

cont'd

34. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") *(cont'd)*

Material accounting policy information

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity at the date on which the options are granted as the equity-settled transactions are treated as vested due to no vesting condition attached. The ESOS related expense reflected in profit or loss represents the expense recognised during the reporting period. The expense recognised for equity-settled transactions at each reporting date reflects the extent to which the Group's best estimate of the number of equity instruments that will ultimately grant and vest. The employees' share options reserve is transferred to retained earnings upon expiry of the share options.

LIST OF PROPERTIES

As at 30 June 2024

	Address	Descriptions/ Existing use	Land area (sq. meter)	Tenure	Approximate age of building (years)	Carrying amount as at 30 June 2024 (RM'000)	Date acquired
1	Building 2430, Maloma Street, Clark Freeport Zone, Clark Field, Municipality of Mabalacat, Province of Pampanga, Philippines.	3 interconnected industrial buildings	33,000	25 years lease expiring on 31 October 2046	Between 7 to 27 years	36,736	28.10.1996
2	No 8, Xinzhu Road, Kunshan Comprehensive Bonded Zone, Kunshan City, Jiangsu Province, People's Republic of China.	4-storey detached factory	4,650	50 years lease expiring on 29 October 2050	22 years	4,447	10.07.2003
3	No. 5, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia.	3-storey factory building	2,089	60 years lease expiring on 29 May 2051	26 years	1,740	31.08.2006
4	Lot No. 17331 held under title No. PN 7898 Mukim 12, District of Barat Daya, Pulau Pinang, Malaysia.	Vacant industrial land	4,045	60 years lease expiring on 14 May 2051	-	1,269	17.04.2008
5	No. 51, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia.	(i) 3-storey factory building cum office block	8,332	60 years lease expiring on 16 January 2054	25 years	7,726	21.07.2008
		(ii) 2-storey factory building cum office block, canteen and warehouse			11 years	6,146	
6	761, Persiaran Cassia Selatan 3, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang, Malaysia.	3 blocks of 6-storey factory building cum office building	20,438	60 years lease expiring on 11 May 2076	5 years	83,083	24.07.2014

ANALYSIS OF SHAREHOLDINGS

As at 26 September 2024

ORDINARY SHARES

Number of shares issued	:	3,788,129,699
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	832	2.87	35,336	0.00
100 - 1,000	8,686	29.96	5,604,245	0.15
1,001 - 10,000	14,058	48.49	58,460,007	1.54
10,001 - 100,000	4,208	14.51	127,804,587	3.37
100,001 - less than 5% of issued shares	1,209	4.17	3,301,242,954	87.15
5% and above of issued shares	1	0.00	294,982,570	7.79
	28,994	100.00	3,788,129,699	100.00

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors)

(Without aggregating the shares from different securities accounts belonging to the same depositor)

NO.	NAME	NO. OF SHARES	%
1.	Kumpulan Wang Persaraan (Diperbadankan)	294,982,570	7.79
2.	Insas Technology Berhad	161,219,375	4.26
3.	Citigroup Nominees (Tempatan) Sdn Bhd - <i>Exempt An for AIA Bhd</i>	155,565,240	4.11
4.	Citigroup Nominees (Tempatan) Sdn Bhd - <i>Employees Provident Fund Board</i>	137,681,609	3.63
5.	Malaysia Nominees (Tempatan) Sendirian Berhad - <i>Pledged Securities Account for Insas Technology Berhad (01-00871-000)</i>	100,000,000	2.64
6.	Lembaga Tabung Haji	90,841,500	2.40
7.	Maybank Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Ooi Keng Thye</i>	58,648,700	1.55
8.	Cartaban Nominees (Asing) Sdn Bhd - <i>Exempt An for State Street Bank & Trust Company (West CLT OD67)</i>	55,700,800	1.47
9.	UOBM Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Insas Technology Bhd</i>	50,000,000	1.32
10.	Citigroup Nominees (Tempatan) Sdn Bhd - <i>Employees Provident Fund Board (Islamic)</i>	47,652,146	1.26
11.	UOBM Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Insas Technology Berhad</i>	45,000,000	1.19

ANALYSIS OF SHAREHOLDINGS

As at 26 September 2024
cont'd

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors) (cont'd)
(Without aggregating the shares from different securities accounts belonging to the same depositor)

NO.	NAME	NO. OF SHARES	%
12.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	43,172,978	1.14
13.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	42,776,400	1.13
14.	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	41,813,400	1.10
15.	CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Insas Technology Berhad (INSBHD-RCCGLO2)	40,000,000	1.06
16.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	39,423,000	1.04
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Insas Plaza Sdn Bhd (6000068)	37,500,000	0.99
18.	Permodalan Nasional Berhad	37,000,000	0.98
19.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ooi Keng Thye	35,714,000	0.94
20.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	34,316,300	0.91
21.	Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Government of Singapore (GIC C)	32,867,983	0.87
22.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	30,800,000	0.81
23.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	28,289,800	0.75
24.	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	27,839,000	0.73
25.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - AmBank (M) Berhad for Insas Plaza Sdn Bhd	27,501,000	0.73
26.	Ho Phon Guan	27,016,628	0.71
27.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AsianIslamic)	25,678,700	0.68
28.	Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	23,550,400	0.62
29.	Lau Kean Cheong	22,951,100	0.61
30.	Amanahraya Trustees Berhad - Public Islamic Equity Fund	22,666,600	0.60
		1,818,169,229	48.00

ANALYSIS OF SHAREHOLDINGSAs at 26 September 2024
cont'd**SUBSTANTIAL SHAREHOLDERS AS AT 26 SEPTEMBER 2024**

(Based on the Register of Substantial Shareholders)

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Dato' Sri Thong Kok Khee ⁽¹⁾	1,998,700	0.05	516,554,276	13.64
Insas Berhad ⁽²⁾	-	-	515,008,575	13.60
Insas Technology Berhad ⁽³⁾	404,769,375	10.69	10,216,500	0.27
Kumpulan Wang Persaraan (Diperbadankan) ⁽⁴⁾	314,952,872	8.31	49,882,300	1.32
Employees Provident Fund Board	390,808,665	10.32	-	-

(1) Direct interest and deemed interest by virtue of Section 8(4) and Section 59(11) of the Companies Act 2016 ("the Act") held through Insas Berhad, Immobiliare Holdings Pte Ltd and children.

(2) Deemed interest by virtue of Section 8(4) of the Act held through subsidiaries.

(3) Direct interest and deemed interest by virtue of Section 8(4) of the Act held through subsidiary.

(4) Direct interest and deemed interest held through fund managers.

STATEMENT OF DIRECTORS' INTEREST

In the Company and Its Related Corporations as at 26 September 2024

DIRECTORS' INTEREST IN SHARES

(Based on the Register of Directors' Shareholdings)

		ORDINARY SHARES			
		DIRECT INTEREST		DEEMED INTEREST	
Inari Amertron Berhad		NUMBER	%	NUMBER	%
1.	Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.	190,325	0.01	-	-
2.	Dato' Dr. Tan Seng Chuan	1,834,053	0.05	-	-
3.	Lau Kean Cheong	30,751,725	0.81	13,482,997 ⁽¹⁾	0.36
4.	Dato' Wong Gian Kui	250,000	0.01	-	-
5.	Ho Phon Guan	32,516,628	0.86	-	-
6.	Mai Mang Lee	9,881,116	0.26	4,000,000 ⁽²⁾	0.11
7.	Dato' Sri Thong Kok Khee	1,998,700	0.05	516,554,276 ⁽³⁾	13.64
8.	Datuk Phang Ah Tong	-	-	-	-
9.	Ahmad Ridzuan Bin Wan Idrus	-	-	-	-
10.	Dato' Mohamad Azmi Bin Ali	-	-	-	-
11.	Datuk Mohamed Arsad Bin Sehan	-	-	-	-
12.	Dato' Ong Eng Bin	-	-	-	-
13.	Dr. Tunku Alina Binti Raja Muhd Alias	-	-	-	-
14.	Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	708,451	0.02	-	-
Amertron Incorporated					
1.	Dato' Dr. Tan Seng Chuan	2	*	-	-
2.	Lau Kean Cheong	2	*	-	-
3.	Mai Mang Lee	1	*	-	-

* Negligible

Notes:

(1) Deemed interest by virtue of Section 59(11) of the Companies Act 2016 ("the Act") held through spouse.

(2) Deemed interest by virtue of Section 59(11) of the Act held through children.

(3) Deemed interest by virtue of Section 8(4) and Section 59(11) of the Act held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.

STATEMENT OF DIRECTORS' INTEREST

In the Company and Its Related Corporations as at 26 September 2024
cont'd

DIRECTORS' INTEREST IN SHARES

(Based on the Register of Directors' Shareholdings)

	Number of Share Options under the Employees' Share Option Scheme
Inari Amertron Berhad	
1. Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP.	-
2. Dato' Dr. Tan Seng Chuan	864,000
3. Lau Kean Cheong	9,216,000
4. Dato' Wong Gian Kui	2,242,000
5. Ho Phon Guan	-
6. Mai Mang Lee	1,192,000
7. Dato' Sri Thong Kok Khee	-
8. Datuk Phang Ah Tong	-
9. Ahmad Ridzuan Bin Wan Idrus	-
10. Dato' Mohamad Azmi Bin Ali	-
11. Datuk Mohamed Arsad Bin Sehan	-
12. Dato' Ong Eng Bin	-
13. Dr. Tunku Alina Binti Raja Muhd Alias	-
14. Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of Inari Amertron Berhad will be conducted on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC : D1A282781) on Tuesday, 26 November 2024 at 11.00 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|--------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon. | Please see Explanatory Note 1 |
| 2. To approve the payment of Directors' fees of RM895,400 for the financial year ended 30 June 2024. | Resolution 1 |
| 3. To approve the payment of Directors' benefits of up to RM70,000 for the period from 27 November 2024 until the next Annual General Meeting of the Company. | Resolution 2 |
| 4. To re-elect the following Directors retiring pursuant to Clause 95 or 102 of the Company's Constitution: - | |
| 4.1 Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP. | Resolution 3 |
| 4.2 Dato' Sri Thong Kok Khee | Resolution 4 |
| 4.3 Dato' Wong Gian Kui | Resolution 5 |
| 4.4 Datuk Phang Ah Tong | Resolution 6 |
| 4.5 Dato' Ong Eng Bin | Resolution 7 |
| 4.6 Dr. Tunku Alina Binti Raja Muhd Alias | Resolution 8 |
| 5. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 9 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications:

- | | |
|---|----------------------|
| 6. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016 | Resolution 10 |
|---|----------------------|

"THAT, subject to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant authorities where required, the Directors of the Company be and are hereby empowered, pursuant to Section 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company ("New Shares") from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("Mandate") and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 63 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company and the Board is exempted from the obligation to offer such New Shares first to the existing shareholders of the Company in respect of the allotment and issuance of New Shares pursuant to the Mandate."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

Resolution 11

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Related Party Transactions") as set out in Section 2.3, Part A of the Circular/ Statement to Shareholders dated 25 October 2024, subject to the following :-

- (a) the Recurrent Related Party Transactions are undertaken in the ordinary course of business which are necessary for day-to-day operations; on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;
- (b) disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted during the financial year.

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) it is revoked or varied by resolution passed by shareholders of the Company in a general meeting;

whichever is the earlier.

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

NOTICE OF ANNUAL GENERAL MEETING

cont'd

8. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

Resolution 12

“THAT, subject to the Companies Act 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, the Company’s Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at the time of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
- (iii) the authority conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and any other relevant authorities; and
- (iv) upon completion of the purchase(s) of the ordinary shares by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased or retain all the shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act) or retain part thereof as treasury shares and cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the purchase(s) of the ordinary shares in the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

- 9. To transact any other business of the Company of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act 2016.

By Order of the Board

Chow Yuet Kuen
MAICSA 7010284
SSM Practising Certificate No. 202008002730
Company Secretary

Lau Fong Siew
MAICSA 7045893
SSM Practising Certificate No. 202008002625
Company Secretary

Kuala Lumpur
25 October 2024

NOTICE OF ANNUAL GENERAL MEETING

cont'd

A. Notes

1. The 14th Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via TIH Online website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at <https://www.inari-amerttron.com/annual-general-meetings/> to register, participate and vote remotely via the RPV.
2. A member entitled to participate and vote at the meeting via RPV is entitled to appoint not more than two (2) proxies to participate and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the poll administrator not less than forty-eight (48) hours before the time set for holding the meeting i.e. no later than 24 November 2024 at 11.00 a.m.:
 - (a) Hard copy form
Submit to Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) Electronic form
Lodge via TIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide.
6. A member who has appointed a proxy or authorised representative or attorney to participate in the 14th AGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at TIH Online website at <https://tiih.online> in accordance with the procedures set out in the Administrative Guide.
7. Only members whose names appear in the **Record of Depositors as at 14 November 2024** will be entitled to participate or appoint proxy(ies) to participate in his stead in the 14th AGM.

B. Explanatory Notes to Ordinary and Special Businesses**1. Audited Financial Statements**

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

2. Ordinary Resolution 1 – Directors' Fees

The proposed Ordinary Resolution 1, if passed, will authorise the payment of Directors' fees in respect of the financial year ended 30 June 2024 amounting to RM895,400 (2023: RM773,850).

3. Ordinary Resolution 2 – Directors' Benefits

The benefits payable to the Non-Executive Directors comprise of meeting allowance for attending the Board, Board Committees and general meetings for the period from 27 November 2024 to the next AGM in 2025. The meeting allowance is estimated based on the number of scheduled and unscheduled meetings and the numbers of Non-Executive Directors involved in these meetings.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

4. Ordinary Resolution 10 – Authority to Issue and Allot Shares pursuant to Section 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 10, if passed, will renew the general mandate given to the Directors of the Company to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. The general mandate sought for the issue of shares is a renewal of the general mandate which was approved by shareholders at the last AGM held on 23 November 2023. As at the date of this notice, the Company has not issued any new shares under this general mandate which will lapse at the conclusion of this AGM.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to issuance of new shares for funding investment projects, working capital and/or acquisitions and to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 63 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares. This proposed Ordinary Resolution 10, if passed, will waive the shareholders' pre-emptive rights to be offered the new shares that may be issued by the Company pursuant to the said resolution.

This authority to issue and allot shares, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

5. Ordinary Resolution 11 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 11, if passed, will empower Inari Group to enter into Recurrent Related Party Transactions of a revenue or trading nature in a timely manner. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of general meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on the proposal is set out in Part A of the Circular/Statement to Shareholders dated 25 October 2024 which is available on the Company's website at <https://www.inari-amertron.com/annual-general-meetings/>.

6. Ordinary Resolution 12 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed Ordinary Resolution 12, if passed, will empower the Directors to purchase up to 10% of the total number of issued shares of the Company by utilising the funds allocated out of the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Authority for the Company to Purchase its Own Shares is set out in Part B of the Circular/Statement to Shareholders dated 25 October 2024 which is available on the Company's website at <https://www.inari-amertron.com/annual-general-meetings/>.

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/re-election as Directors

The profile of the Directors who are standing for election/re-election as per Agenda 4 in the notice of AGM is set out on pages 16 to 21 of the Company's Annual Report 2024. The details of their interest in the securities of the Company are set out in the Statement of Directors' Interest on pages 260 to 261 of the Annual Report.

Based on the results of the board effectiveness evaluation, the Nomination Committee ("NC") views that the Directors standing for election/re-election meet the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements and adhere to the fit and proper criteria in the Fit and Proper Policy for Directors. With the recommendation of NC, the Board supports the election/re-election of these Directors.

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

The proposed Ordinary Resolution 10 is a renewal of the general mandate which was approved by shareholders at the last AGM held on 23 November 2023. As at the date of this notice, no new shares were issued under this general mandate which will lapse at the conclusion of the 14th AGM.

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INARI AMERTRON BERHAD
(Registration No. 201001016131 (1000809-U))

PROXY FORM

14th Annual General Meeting

No. of Shares Held	CDS Account No.

I/We _____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. _____ Tel No. _____

of _____
(FULL ADDRESS)

being a member(s) of **INARI AMERTRON BERHAD**, hereby appoint:-

1. Full name of Proxy in BLOCK LETTERS	NRIC/Passport No.	Proportion of shareholding	
		No. of shares	%
Address			

AND

2. Full name of Proxy in BLOCK LETTERS	NRIC/Passport No.	Proportion of shareholding	
		No. of shares	%
Address			

or failing him/her, the Chairperson of the meeting, as my/our proxy(ies) to vote for me/us on my/our behalf at the 14th Annual General Meeting of the Company to be held on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC:D1A282781) on **Tuesday, 26 November 2024 at 11.00 a.m.** or at any adjournment thereof in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees of RM895,400		
2.	To approve the payment of Directors' benefits of up to RM70,000		
3.	To re-elect Y.A.M. Tengku Puteri Seri Kemala Tengku Dato' Sri Setia Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, DK., SAAS., SSAP., SIMP. as Director		
4.	To re-elect Dato' Sri Thong Kok Khoo as Director		
5.	To re-elect Dato' Wong Gian Kui as Director		
6.	To re-elect Datuk Phang Ah Tong as Director		
7.	To re-elect Dato' Ong Eng Bin as Director		
8.	To re-elect Dr. Tunku Alina Binti Raja Muhd Alias as Director		
9.	To re-appoint Grant Thornton Malaysia PLT as Auditors		
10.	To approve the authority to issue and allot shares		
11.	To approve the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
12.	To approve the renewal of authority for the Company to purchase its own shares		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____ 2024

Signature(s)/Common Seal of Member(s)

Fold this flap for sealing

Please fold here

AFFIX
STAMP
HERE

INARI AMERTRON BERHAD
c/o Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No.8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

Notes

1. The 14th Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via TIH Online website at <https://tiah.online>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at <https://www.inari-amertron.com/annual-general-meetings/> to register, participate and vote remotely via the RPV.
2. A member entitled to participate and vote at the meeting via RPV is entitled to appoint not more than two (2) proxies to participate and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the poll administrator not less than forty-eight (48) hours before the time set for holding the meeting i.e. no later than 24 November 2024 at 11.00 a.m.:
 - (a) Hard copy form
Submit to Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) Electronic form
Lodge via TIH Online website at <https://tiah.online> by following the procedures provided in the Administrative Guide.
6. A member who has appointed a proxy or authorised representative or attorney to participate in the 14th AGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at TIH Online website at <https://tiah.online> in accordance with the procedures set out in the Administrative Guide.
7. Only members whose names appear in the **Record of Depositors as at 14 November 2024** will be entitled to participate or appoint proxy(ies) to participate in his stead in the 14th AGM.



KLSE Stock Code

0166