



Together We Excel

MCE HOLDINGS BERHAD

Registration No.: 201501033021 (1158341-K)

2025 ANNUAL REPORT

Contents

2	Notice of 10 th Annual General Meeting
6	Corporate Information
8	Corporate Structure
9	5 Years Group Financial Highlights
12	Profile of Directors
17	Profile of Key Senior Management
18	Corporate Governance Overview Statement
27	Additional Compliance Information
29	Audit and Risk Management Committee Report
34	Sustainability Statement
58	Statement on Risk Management and Internal Control
62	Directors' Responsibility Statement in Respect of Audited Financial Statements
63	Chairman's Statement
65	Management Discussion and Analysis
72	Financial Statements
142	List of Properties
143	Analysis of Shareholdings
146	Analysis of Warrant Holdings
	Form of Proxy Enclosed

NOTICE OF 10TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting (“AGM”) of MCE Holdings Berhad will be held via Physical mode at Diamond 5, Level 10, Holiday Villa Johor Bahru City Centre, No. 260, Jalan Dato’ Sulaiman, Taman Abad, 80250 Johor Bahru, Johor on Thursday, the 18th day of December, 2025 at 9.30 am for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 July 2025 together with the Reports of the Directors and Auditors thereon. | (See Explanatory Note 1) |
| 2. To re-elect Mr Tai Lam Shin, a Director retiring by rotation pursuant to Clause 133 of the Company’s Constitution. | Ordinary Resolution 1 |
| 3. To re-elect Ms Fong Jed See, a Director retiring by rotation pursuant to Clause 133 of the Company’s Constitution. | Ordinary Resolution 2 |
| 4. To approve the payment of Directors’ Fees of RM483,504 for the financial year ending 31 July 2026 payable quarterly in arrears after each month of completed service of the Directors during the financial year. | Ordinary Resolution 3 |
| 5. To approve the payment of Directors’ Benefit amounting to RM40,000.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting. | Ordinary Resolution 4 |
| 6. To appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 July 2026 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions :-

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

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

**Ordinary Resolution 6
(See Explanatory Note 2)**

NOTICE OF 10TH ANNUAL GENERAL MEETING (CONT'D)

8. **ORDINARY RESOLUTION PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPT")**

"THAT approval be and is hereby given for the Proposed New Shareholders' Mandate for RRPT for Company and/or its subsidiaries ("the Group") to enter into the category of recurrent transactions of a revenue or trading nature falling within the nature of transactions set out in the table in Section 2.5 of the Circular to Shareholders dated 26 November 2025 with the related parties falling within the classes of persons set out in Section 2.4 in the Circular, such transactions which are necessary for the Group's day-to-day operations and carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

Ordinary Resolution 7
(See Explanatory Note 3)

AND THAT the authority conferred by such Mandate shall continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;
- (b) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (c) revoked or varied by a resolution passed by the 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 as they may consider expedient or necessary to give effect to this Ordinary Resolution."

- 9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340) SSM Practicing Certificate No. 201908004010
HEW JING SIAN (MAICSA 7065968) SSM Practicing Certificate No. 202008001325
Secretaries

Date : 26 November 2025

NOTICE OF 10TH ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80888 Ibrahim International Business District, Johor not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the following e-mail address mcejb@multicode.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 December 2025, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTE :-

Ordinary Business

1. **Item 1 of the Agenda - Audited Financial Statements for the year ended 31 July 2025**

This Agenda item is meant for discussion only and does not require a formal approval of the shareholders and hence, is not put forward for voting.

Special Business:-

2. **Ordinary Resolution 6 – Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Company had, during its 9th Annual General Meeting held on 18 December 2024, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 and 76 of the Companies Act 2016.

The Company has not issued any new share pursuant to the mandate which was granted at the last Annual General Meeting held on 18 December 2024.

The Proposed Ordinary Resolution 6 is to seek a renewal of the Mandate from the shareholders of the Company at the 10th Annual General Meeting to be held on 18 December 2025.

NOTICE OF 10TH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTE (CONT'D):-

Special Business (Cont'd):-

2. **Ordinary Resolution 6 – Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)**

The Mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company for any fund raising activities, including but not limited to the placing of shares, for working capital, funding future investments and/or funding of strategic development of the Group. The Mandate is sought to avoid any delay arising from and cost in convening a general meeting to obtain approval of the shareholders for such issuance of shares, up to an amount not exceeding in total ten percent (10 percent) of the issued and paid-up share capital of the Company, as the Directors consider appropriate in the best interest of the Company. The authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Mandate is in the best interests of the Company and its shareholders.

3. **Ordinary Resolution 7 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature**

The Proposed Ordinary Resolution No. 7 proposed in Agenda 8 is to seek a new shareholders' Mandate to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature and to enable the Company to comply with Paragraph 10.09, Part E of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate will take effect from the date of passing the Ordinary Resolution until the next Annual General Meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company's Circular to Shareholders dated 26 November 2025.

The proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company and is subject to renewal on an annual basis.

Voting by Poll

Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in this notice is to be voted by poll.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Tan Sri Abd Rahman Bin Mamat
(Independent Non-Executive Director)

Group Managing Director
Dr Goh Kar Chun
(Executive Director)

Group Executive Director
Goh Anne
(Executive Director)

Directors

Law Sang Thiam
(Independent Non-Executive Director)

Fong Jed See
(Senior Independent Non-Executive Director)

Dato' Dr Lee Chung Wah @ Lee Chung Fu
(Independent Non-Executive Director)

Tai Lam Shin
(Non-Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Law Sang Thiam
(Independent Non-Executive Director)

Members
Fong Jed See
(Senior Independent Non-Executive Director)
Dato' Dr Lee Chung Wah @ Lee Chung Fu
(Independent Non-Executive Director)
Tai Lam Shin
(Non-Independent Non-Executive Director)

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Fong Jed See
(Senior Independent Non-Executive Director)

Members
Law Sang Thiam
(Independent Non-Executive Director)
Dato' Dr Lee Chung Wah @ Lee Chung Fu
(Independent Non-Executive Director)
Tai Lam Shin
(Non-Independent Non-Executive Director)

SECRETARIES

Lee Wee Hee (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010

Hew Jing Sian (MAICSA 7065968)
SSM Practicing Certificate No. 202008001325

REGISTERED OFFICE

Suite 5.11 & 5.12, 5th Floor, Menara TJB,
No. 9, Jalan Syed Mohd. Mufti,
80888 Ibrahim International Business District,
Johor, Malaysia.
Tel : 07-224 2823
Email : plc@cisgroup93.com

REGISTRAR

Shareworks Sdn Bhd
Registration No. 199101019611 (229948-U)
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur.
Tel : 03-6201 1120
Fax: 03-6201 3121/6201 5959

**CORPORATE INFORMATION
(CONT'D)****AUDITORS**

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA and AF 1018)
E-2-3 Pusat Komersial Bayu Tasek
Persiaran Southkey 1, Kota Southkey
80150 Johor Bahru, Johor, Malaysia.

PRINCIPAL PLACE OF BUSINESS

Main Office and Headquarters
No. 2 & 4, Jalan Waja 7,
Kawasan Perindustrian Pandan,
81100 Johor Bahru,
Johor, Malaysia.

Telok Gong Office
PT 119984 (Lot 68745) Canang Emas 7,
Off Jalan Telok Gong,
42000 Pelabuhan Klang,
Selangor, Malaysia.

Serendah Office
No. 5 Jalan Titanium 3,
Bandar Industri Bernilai Tinggi, Serendah
48200 Serendah,
Selangor, Malaysia

PRINCIPAL BANKERS

AmBank (M) Berhad
Affin Islamic Bank Berhad

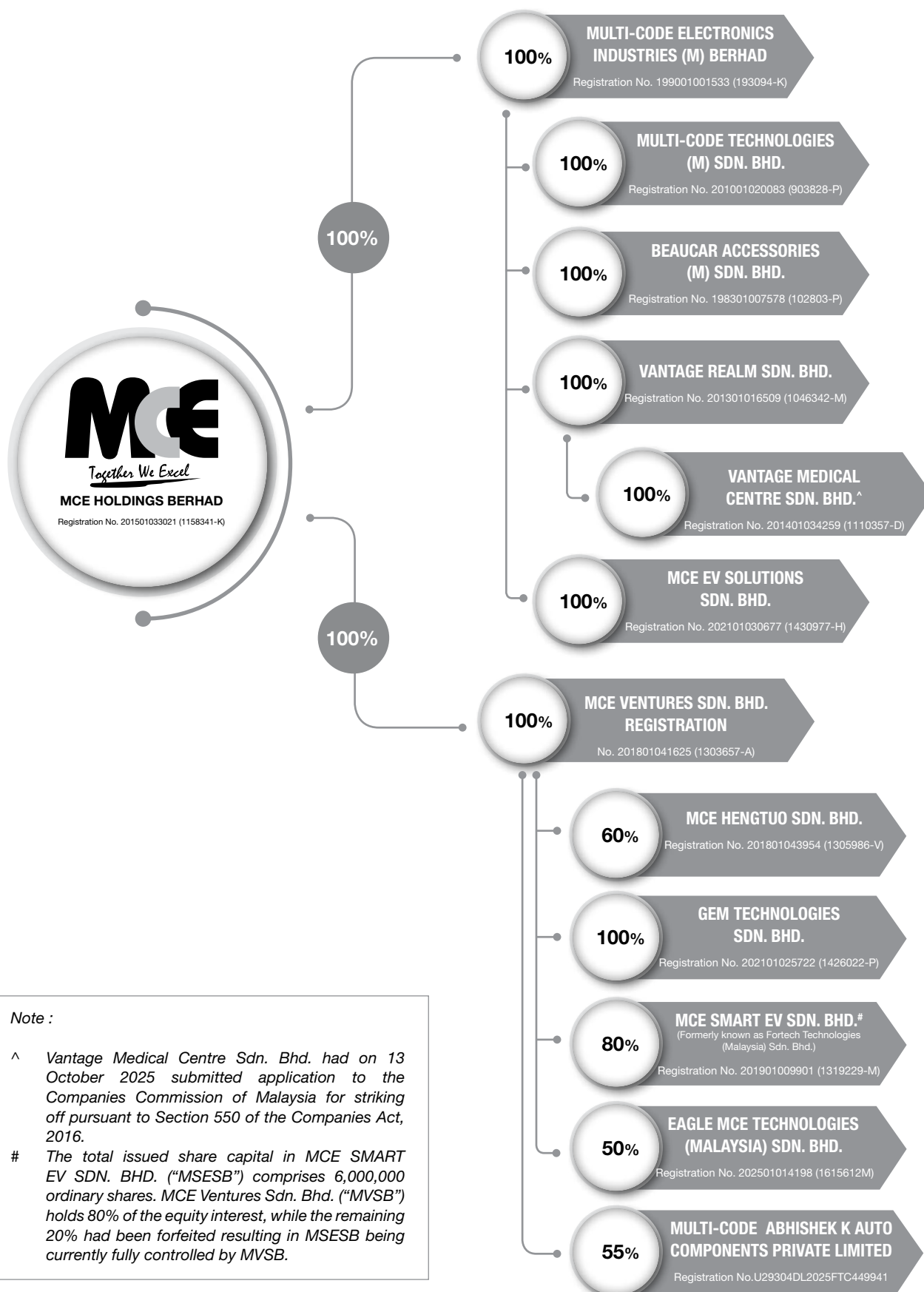
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 7004

WEBSITE

www.multicode.com.my

CORPORATE STRUCTURE



5 YEARS GROUP FINANCIAL HIGHLIGHTS

RESULTS	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Revenue	84,825	105,823	154,889	155,664	152,597
(Loss) / Profit before tax	(760)	8,817	19,741	21,565	30,434
(Loss) / Profit after tax	(835)	8,042	15,394	15,897	23,715
Net (loss) / profit attributable to owners of the parent and non-controlling interests	(835)	8,042	15,394	15,897	23,913
KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA					
Total assets	118,767	144,232	161,349	191,371	244,232
Shareholders' equity	78,429	95,230	117,784	130,382	166,575
Share capital	46,625	55,383	64,089	64,089	85,554
Current assets	29,935	57,580	71,774	87,620	139,183
Total borrowings	23,445	21,853	15,899	18,078	29,386
KEY FINANCIAL STATISTICS / INDICATORS					
Basic (loss) / earnings per share (sen)	(0.86)	7.30	13.15	12.91	17.96
Net assets per stock unit attributable to ordinary equity holders of the Company (RM)	1.61	1.70	1.91	1.06	1.19
Return on shareholding equity (%)	(1.06)	8.45	13.07	12.19	14.36
Price earning ratio	NA	6.85	7.11	13.40	8.18
Gearing ratio	0.30	0.31	0.15	0.06	NA

Notes :

NA - Not Applicable

@ refer worksheet - 2024 assets loans & borrowings

C/B Shareholders' equity / share capital

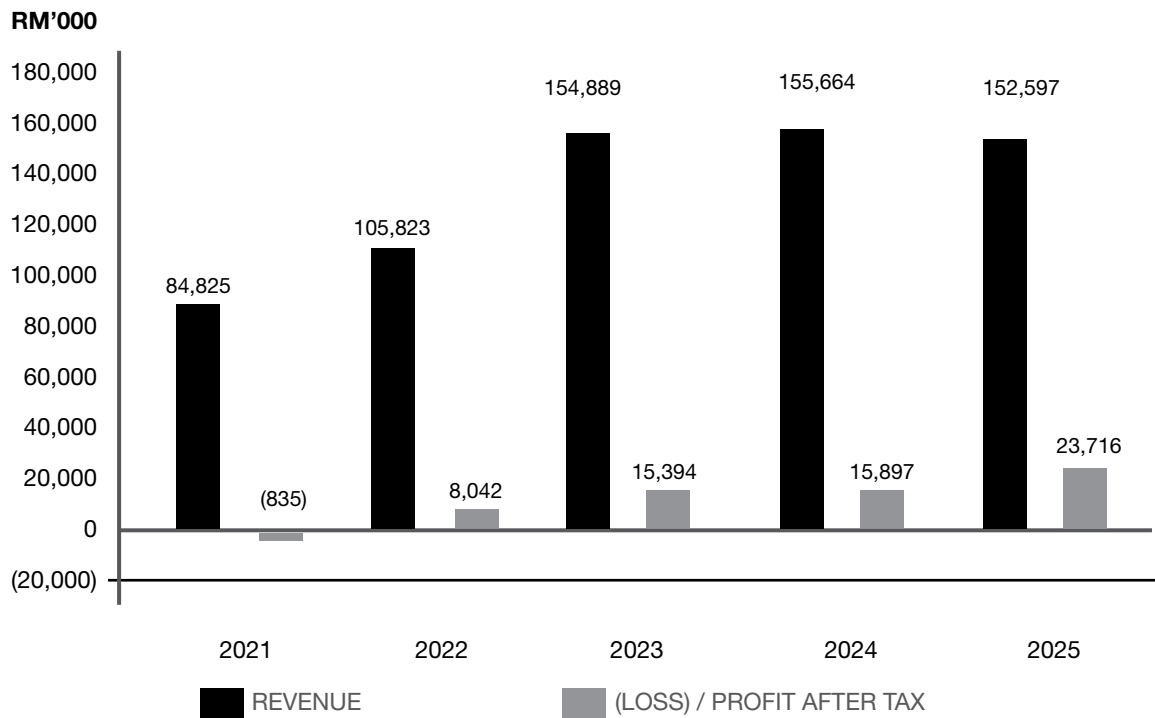
A/C Net profit attributable / Shareholders' equity

 **/E Share market closing price as at 31.07.20xx (refer **) /
 Basic earning per share

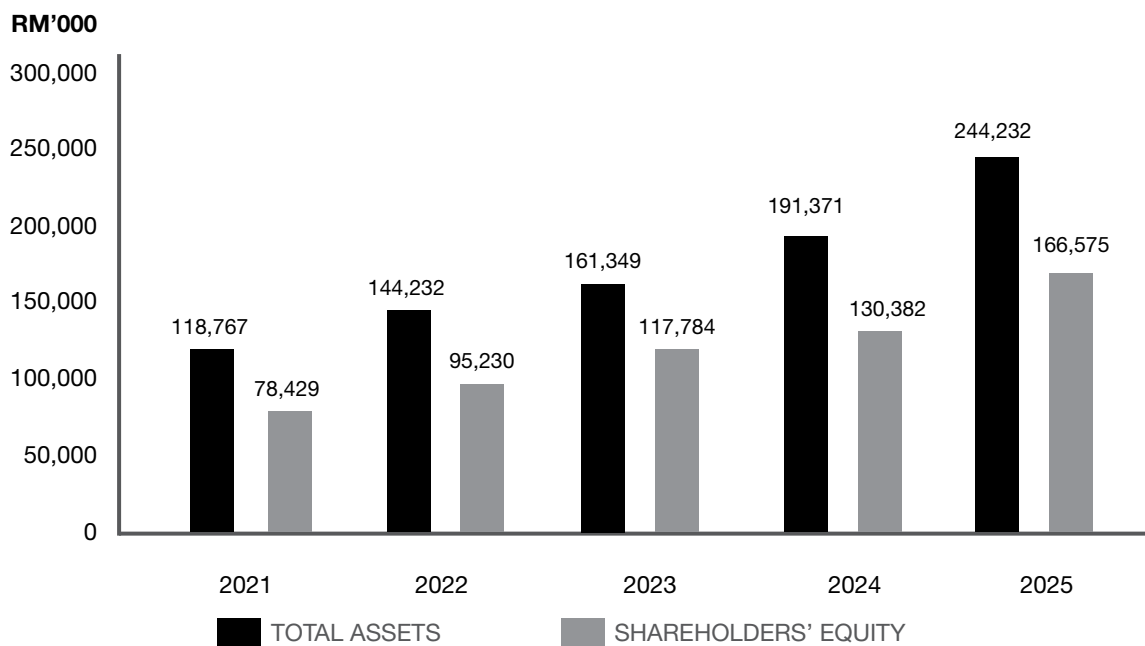
D/C Total borrowing / Shareholders' equity

5 YEARS GROUP FINANCIAL HIGHLIGHTS (CONT'D)

Revenue and (Loss) / Profit After Tax

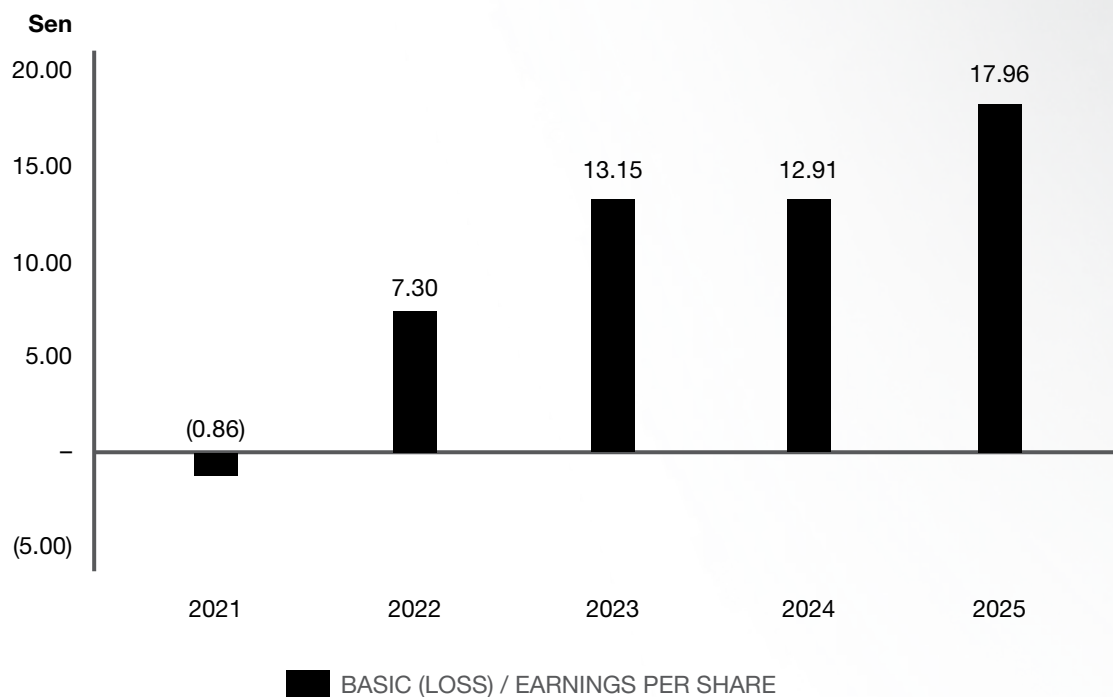


Total Assets and Shareholders' Equity

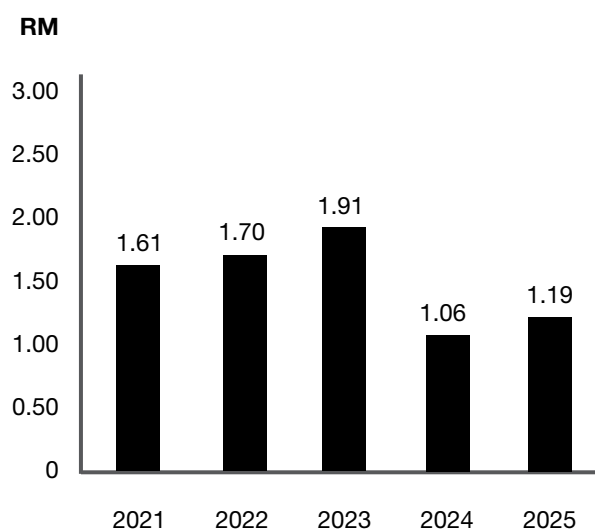


5 YEARS GROUP FINANCIAL HIGHLIGHTS (CONT'D)

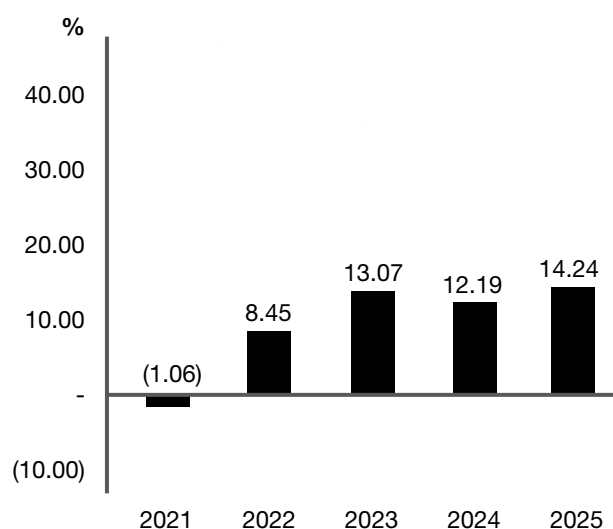
Basic (Loss) / Earnings per share



Net assets per stock unit attributable to ordinary equity holder of the Company



Return on Shareholding Equity



PROFILE OF DIRECTORS

TAN SRI ABD RAHMAN BIN MAMAT

- 73 years of age
- Malaysian
- Male

Tan Sri Abd Rahman Bin Mamat joined the Board as an Independent Non-Executive Director and appointed as the Chairman on 4 September 2019. He has a Bachelor of Economics (Honours) from the University of Malaya and completed an Advanced Management Programme at Harvard Business School in Boston, USA.

Tan Sri Dato' Abdul Rahman Mamat is a distinguished figure in Malaysia's corporate sector, with a notable career serving the Government of Malaysia. He is well-versed in international trade, economics, investments, corporate governance, and entrepreneurship.

He joined the Ministry of International Trade and Industry (MITI) in April 1975 as an Assistant Director and had a 35-year career, during which he held various senior positions before retiring in December 2010. His roles included:

- Deputy Trade Commissioner, Malaysian Trade Office, New York, USA
- Director of Trade, Malaysian Trade Centre, Taipei, Taiwan
- Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission, Malaysian Trade Office, Bangkok, Thailand
- Special Assistant to the then Minister of MITI
- Member of the Board of Directors, Malaysian Industry-Government Group for High Technology (MIGHT)
- Director of Industries
- Senior Director of Policy and Industry, Services Division
- Deputy Secretary General (Industry) of MITI
- Secretary General of MITI

He represented MITI on the boards of several government-linked entities, including the Malaysian Investment Development Authority (MIDA), Johor Corporation, Regional Economic Development Authority (RECODA) Sarawak, SME Corporation Malaysia, Pahang State Economic Development Corporation, Malaysian Technology Development Corporation, and MATRADE.

Tan Sri Abdul Rahman represented Malaysia at numerous international meetings, negotiations, conferences, and symposiums, contributing to the formulation, implementation, and monitoring of policies and strategies related to international trade, industry, and entrepreneurship development.

Additionally, he is an honorary member of the ASEAN Federation of Engineering Organisations, was a Malaysian Leader for the High-Level Task Force on ASEAN Economic Integration, and a member of PEMUDAH (Special Taskforce To Facilitate Business). He also serves on the boards of several private companies in Malaysia, spanning sectors such as finance, technology, manufacturing, global logistics, healthcare, and oil, gas, and energy.

Currently he sits on the Boards of Lotte Chemical Titan Holding Berhad, ECA Integrated Solution Berhad and Theta Edge Berhad which are listed on Bursa Malaysia Securities Berhad and also sits on the Board of Malaysian Industrial Development Finance Berhad, a wholly-subsiary of Malaysia Building Society Bhd.

He directly holds 425,000 ordinary shares of the Company.

PROFILE OF DIRECTORS (CONT'D)

DR GOH KAR CHUN

- 49 years of age
- Malaysian
- Male

Dr Goh Kar Chun was appointed to the Board on 10 June 2016 and is the Group Managing Director of the Company. He holds a degree in Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics from the Faculty of Medicine, University College Dublin, Ireland. Subsequently he obtained a Master of Business Administration from Victoria University, Australia.

In year 2000, he worked as a medical doctor at ST. Vincent University Hospital, Ireland. He joined Multi-Code Electronics Industries (M) Berhad as a management staff responsible for marketing function in 2002. With his experience garnered in the automotive industry, he was appointed as Executive Director of Multi-Code Electronics Industries (M) Berhad in year 2008 primarily responsible for the overall group business development, marketing and sales. As at November 2010, his scope of work had been expanded to include direct responsibility on production, engineering and quality assurance functions. He was then appointed as the Group Managing Director on 30 June 2016.

He directly holds 7,955,280 ordinary shares and 2,620,140 warrants of the Company. He has deemed interest in 237,200 ordinary shares in the Company held by his spouse, Chuah Sai Ling, pursuant to Section 59 (11) (c) of the Companies Act 2016.

GOH ANNE

- 44 years of age
- Malaysian
- Female

Goh Anne is the Group Executive Director of the Company. She holds a degree in Bachelor of Business from University of Technology Sydney, Australia. She is a member of Certified Practising Accountants (CPA Australia) and the Malaysian Institute of Accountants (MIA). She started her career as an Internal Auditor in a public accounting firm in 2005. She left the firm in 2013 and took up position of Finance Manager in a public listed company. In July 2015, she joined the Group as the Group Financial Controller overseeing the Accounting & Finance, Costing, Human Resources /Administrative and IT Departments. She was re-designated to Chief Financial Officer of the Group since 20 January 2016. She was appointed as the Group Executive Director on 1 October 2018.

She directly holds 112,700 ordinary shares of the Company.

PROFILE OF DIRECTORS (CONT'D)

TAI LAM SHIN

- 68 years of age
- Malaysian
- Male

Tai Lam Shin was appointed to the Board on 10 June 2016 as an Independent Non-Executive Director of the Company. He was re-designated as a Non-Independent Non-Executive Director on 10 August 2022. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and Fellow of The Association of Chartered Certified Accountants (FCCA), United Kingdom.

He is exposed and experienced in areas of audit assurance, financial and corporate advisory, due diligence review and reporting accountants to public listed corporations, multinationals and private companies.

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

He sits as an Independent Non-Executive Director on the Board of Keck Seng (Malaysia) Berhad and White Horse Berhad, both public companies listed on Bursa Malaysia Securities Berhad.

He directly holds 60,000 ordinary shares of the Company.

LAW SANG THIAM

- 49 years of age
- Malaysian
- Male

Law Sang Thiam was appointed to the Board on 7 March 2022 and is an Independent Non-Executive Director of the Company. He graduated with Bachelor of Accounting from the University of Malaya in 2000. He is a member of Malaysian Institute of Accountants since 2003, and Malaysian Institute of Certified Public Accountants since 2004 and an associate member of Chartered Tax Institute of Malaysia since 2024.

He began his career with Arthur Andersen & Co in 2000 as an Audit Assistant before leaving the firm in 2002 to join Ernst & Young (now known as Ernst & Young PLT) as Audit Associate. During his tenure with the said accounting firms, he was involved in audit assignments of companies in various industries, as well as other engagements involving corporate exercises.

In 2016, he left Messrs Ernst & Young as an Audit Director to establish an accounting firm, namely Messrs Ivan Law & Co. In 2017, he established Taxavenue Advisory PLT, a firm in Malaysia providing tax advisory services. He is currently the Managing Partner of both Ivan Law & Co and Taxavenue Advisory PLT.

He was appointed as the Chairman of the Audit and Risk Management Committee on 28 March 2022 and is a member of the Nomination and Remuneration Committee.

He sits on the Board of Spring Art Holdings Berhad and is the Senior Independent Non-Executive Director and Chairman of the Audit and Risk Management Committee. He is also an Independent Non-Executive Director and Chairman of the Audit and Risk Management Committee of Ecoscience International Berhad and Icents Group Holding Berhad, which are listed on the ACE Market of Bursa Malaysia Securities Berhad.

He directly holds 80,000 ordinary shares and 40,000 warrants of the Company.

PROFILE OF DIRECTORS
(CONT'D)**FONG JED SEE**

- 53 years of age
- Malaysian
- Female

Fong Jed See was appointed to the Board on 10 August 2022 and is an Independent Non-Executive Director of the Company. She was appointed as the Chairman of the Nomination and Remuneration Committee on 10 August 2022 and was a member of the Audit and Risk Management Committee. She was identified by the Board as the Senior Independent Non-Executive Director of the Company.

She has been in legal practice since 1997. She is one of the founding partners of the law firm of Messrs Fong Yap & Gan and is currently the Managing Partner of the firm. She has acted for both local and multinational corporations in their various corporate exercises.

The MCE Group has engaged and obtained legal services from Messrs Fong, Yap & Gan where Ms. Fong is the Managing Partner.

The engagement and provision of legal services is in the ordinary course of business for both the MCE Group and Messrs Fong, Yap & Gan respectively and is recurrent in nature.

Other than disclosed under paragraph e(iii) of the Audit and Risk Management Committee Report on page 32 of this Report, Ms. Fong does not have any situations of conflict of Interest or potential conflict of interest with the Company and Group that may arise.

She directly holds 20,000 ordinary shares of the Company.

PROFILE OF DIRECTORS (CONT'D)

DATO' DR LEE CHUNG WAH & LEE CHUNG FU

- 50 years of age
- Malaysian
- Male

Dato' Dr. Lee Chung Wah @ Lee Chung Fu ("Dato Dr. Lee") was appointed to the Board on 28 Jun 2024 and is an Independent Non-Executive Director of the Company. He is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Dato Dr. Lee has nearly two decades of experience across the financial technology, ICT, telecommunications, and manufacturing sectors. From 2006 to 2016, he held senior positions, including General Manager, CEO, and Executive Director, in various subsidiaries of Insas Berhad and Insas Technology Berhad, overseeing business units across the ASEAN region. As a serial technology entrepreneur and investor, he is also a partner at International Supply Chain Alliance Limited, Hong Kong—a prominent supply chain and logistics platform with core operations in Greater China. Additionally, he served as an Independent Non-Executive Director for Jadi Imaging Holdings Berhad, a Main Board-listed company on Bursa Malaysia, where he contributed as a member of both the Audit and Nomination Committees from 2018 to 2021.

A dynamic figure in fintech, Dato Dr. Lee is listed as an inventor on multiple patents recognized by the Patent Cooperation Treaty and the World Intellectual Property Organization. His patented work, including international publication WO2012/154031A1, spans Australia, Singapore, the United States, the EU, and other regions.

From 2020 to 2023, he was an Executive Director at Versalink Holdings Limited, an SGX-listed company, and now serves as an Executive Advisor to the group.

Currently, Dato Dr. Lee is a board member of The One Smart City Limited in Hong Kong, affiliated with China High Precision Automation Group Limited, a company listed on the HKEX. He also serves as a Director of Salcon WP Sdn Bhd, a subsidiary of Salcon Berhad, which is listed on the Main Board of Bursa Malaysia.

Dato' Dr. Lee Chung Wah holds a Bachelor of Business degree from the University of Southern Queensland, Australia, a Postgraduate Certificate in Business Administration from Staffordshire University, UK, and a Doctorate in Business Administration from the University of Atlanta, USA.

In addition, Dato Dr. Lee sits on the boards of several private limited companies in Malaysia, Singapore, and Hong Kong.

He directly holds 22,400 ordinary shares of the Company.

Save as disclosed, none of the Directors have:-

- any directorship in public companies and listed issuers;
- any family relationship with any directors and/or major shareholders of the Company;
- any conflict of interest with the Company;
- any conviction for offences within the past 5 years (other than traffic offences, if any), and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

LIM CHERN TIN

- 58 years of age
- Malaysian
- Male

Lim Chern Tin is the Chief Operations Officer of Multi-Code Electronics Industries (M) Berhad. He holds an engineering diploma from Federal Institute of Technology. He joined Multi-Code Electronics Industries (M) Berhad in August 1999 as its Quality Assurance (QA) Manager and was promoted to the position of Group Engineering and QA Manager in May 2008, and subsequently re-designated as the Group Operations Manager in December 2015. He was promoted as the Chief Operations Officer in October 2019. He has more than 30 years of working experience in areas of quality assurance, engineering and production.

He directly holds 21,000 ordinary shares of the Company.

Save as disclosed, none of the Key Senior Management have:-

- any directorship in public companies and listed issuers;
- any family relationship with any directors and/or major shareholders of the Company;
- any conflict of interest with the Company;
- any conviction for offences within the past 5 years (other than traffic offences, if any), and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW

The Board of Directors ('the Board') of MCE Holdings Berhad ("MCE" or "Company") recognises the importance of maintaining good corporate governance and continues to be committed to ensure that high standards and appropriate practices are in place throughout MCE Holdings Berhad and its subsidiaries ("MCE Group" or "Group") to protect, enhance and support the sustainability of its business affairs and financial performance of the Group with the ultimate objective of safeguarding shareholders' investment and enhancing shareholders' value.

The Board views corporate governance as a crucial and integral part of the Group's long term sustainability initiatives.

This statement is to provide shareholders and other stakeholders with an overview of the Group's application of the following three (3) Principles set out in the revised Malaysian Code on Corporate Governance issued by the Securities Commission of Malaysia ("SC") on 28 April 2021 ("MCCG") under the leadership of the Board and should be read together with the Corporate Governance Report 2025 of MCE ("CG Report") which is accessible on MCE's website at <http://www.multicode.com.my> and via announcement on Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s website.

- Principle A : Board Leadership and Effectiveness;
- Principle B : Effective Audit and Risk Management; and
- Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The CG Report provides the details on how MCE has applied each Practice as set out in the MCCG during the financial year 2025 ("FY2025"). Other than Practice 5.9, 8.2, 13.1 and 13.3, the Board is of the view that MCE has substantially complied with the recommendations of MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board recognises and is always mindful that its leadership and stewardship role in setting the tone from the top is vital in building a sustainable business, creating and delivering sustainable values in the pursuit of long-term success for the Company and Group.

The Board plays a key and active role through its policies and strategies and is committed to ensuring that it provides effective oversight and overall management of the Company and Group including promoting high ethical standards within the organisation.

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through MCE's website.

The Board had reviewed its Board Charter and the Terms of Reference for Audit and Risk Management Committee and Nomination and Remuneration Committee together with existing Board policies and practices. The Board Charter together with the Board policies is available on the Group's website at [http:// www.multicode.com.my](http://www.multicode.com.my).

It is the primary governance responsibilities of the Board to lead and control the Group. The Board plans the strategic direction, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the MCCG, which facilitate the discharge of the Board's stewardship responsibilities. When implementing the strategic plan, the Group Executive Directors (comprised of Group Managing Director and Group Executive Director) are responsible for making and implementing operational and corporate decisions while the Non-Executive and Independent Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement in safeguarding the interests of the shareholders.

The Board has defined the roles and responsibilities for the Board and its Executive Directors. In discharging its fiduciary responsibilities, the Board emphasises strongly during its Board meetings on the deliberation and review of the financial performance of the Group, the execution of strategic plan by the Executive Directors, the principal risks faced by the Group and effectiveness of management mitigation plan, the appraisal of executive management and senior management succession plans as well as the integrity of the management information and systems of internal control of the Group.

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Board maintains specific Board Committees namely Audit and Risk Management Committee (“ARMC”) and Nomination and Remuneration Committee (“NRC”). These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific board agenda. The Board has defined the terms of reference for each Committee and the Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

The positions of Chairman and Group Managing Director are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman, Group Managing Director, Group Executive Director, the individual board members, as well as the Chief Financial Officer. The details of these responsibilities are articulated in the Board Charter.

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on strategic plans and objectives, annual budget, significant acquisitions and disposals, financial results, key performance indicators and other matters reserved for Board.

The attendance record of the Directors at Board and Committee meetings in respect of the FY2025 are set out below:

Name of Director	Position	Attendance		
		Board	ARMC	NRC
Tan Sri Abd Rahman Bin Mamat	Independent Non-Executive Director	5/5	N/A	N/A
Dr. Goh Kar Chun	Executive Director	5/5	N/A	N/A
Miss Goh Anne	Executive Director	5/5	N/A	N/A
Mr. Law Sang Thiam	Independent Non-Executive Director	5/5	5/5	1/1
Ms. Fong Jed See	Senior Independent Non-Executive Director	5/5	5/5	1/1
Dato' Dr Lee Chung Wah @ Lee Chung Fu	Independent Non-Executive Director	5/5	5/5	1/1
Mr. Tai Lam Shin	Non-Independent Non-Executive Director	5/5	5/5	1/1

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Directors' Training

Each Director is expected to attend at least one (1) full day continuing education programme each year. The extent and subject matter which may vary, is left to each individual director's discretion.

In order to encourage continuing director education, the Company will reimburse directors for all costs of attending two (2) programmes each financial year. However, directors are allowed to attend more than two (2) programmes in a year at the Company's expense with the consent of the Chairman of the NRC.

Annually, the Chairman of the NRC, based on the annual assessment of each director, is authorised to make recommendations for each individual director's continuing education requirements to meet the intentions and purposes of this policy.

During the financial year, the directors had attended/participated in the following training programmes:

Trainings or Seminars Attended	Director	Dates of Attendance
(i) Reputation and Crisis Management for Board (ii) Board's Strategic Oversight and Stewardship in Sustainability	ARM	05-Aug-2024
Managerial leadership	GA	19 & 20-Aug- 2024
Managerial leadership	GKC	19 & 20-Aug- 2024
ESG Matters@ACCA - Green Gold: Dive into Climate Finance Certification	TLS	21-Aug-2024
Malaysian Industrial Development Finance Berhad ("MIDF") Roundtable Discussion : Road to NIMP 2030 – Digital Economy	ARM	03-Sep-2024
(i) Key Insights of Hajah and Darurah Principles and Applications (ii) Cybersecurity	ARM	11-Sep-2024
ISSB: Applying the IFRS Sustainability Disclosure Standards	TLS	13-Sep-2024
World Halal Business Conference 2024 Kuala Lumpur	ARM	17-Sep-2024
Malaysian Taxation: An Advanced Course - A practical guide on Tax Principles and Practice (Module 2: Capital Allowances & Losses)	LST	18-Sep-2024
Tax Consideration in Financing of Corporations	LST	24-Sep-2024
Tax Implications and Audit Issues on Cross Border Transactions: What's new in 2024?	LST	03-Oct-2024
Khazanah Megatrends Forum 2024	ARM	7 & 8-Oct-2024
Demystifying The Dynamic Forces That Shape Board Relationships and Cultivating Strategic Mindsets in Leadership	ARM	21 & 22-Oct-2024
Budget 2025 : Key Updates And Changes For Corporate Accountants	GA	28-Oct-2024
Market Trends For An Unscripted World	TLS	12-Nov-2024
2025 Budget Seminar	LST	13-Nov-2024
Managing Corruption Risks – Corruption Risk Assessment Awareness	ARM	18-Nov-2024

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Directors' Training (Cont'd)

During the financial year, the directors had attended/participated in the following training programmes (Cont'd):

Trainings or Seminars Attended	Director	Dates of Attendance
Deloitte TaxMax - The 50th series	TLS	28-Nov-2024
Audit Quality Enhancement Programme for SMPs	LST	18 & 19-Dec-2024
E-Invoice Session with Messrs Ernst & Young	ARM	08-Jan-2025
Limited Liability Law Partnerships	FJS	23-Jan-2025
TH Group Summit 2025: Empowering Growth with AI: A Vision for the Future of My Company	ARM	17-Feb-2025
Resolving Boardroom and Shareholders Disputes	FJS	05-Mar-2025
ESG Matters@ACCA - Carbon Trading: Navigating Opportunities in Malaysia's Low-Carbon Future	TLS	11-Mar-2025
Capital Reduction By Solvency Statement	FJS	20-Mar-2025
The Future of Technology & Innovation: Why IP Matters in ICT & AI	ARM	09-Apr-2025
Governance of Generative AI	ARM	15-Apr-2025
Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024.	ARM	21-Apr-2025
Ensuring Real Impact in ESG: Sustainability and Social Impacts on the Ground	TLS	28-Apr-2025
Masterclass Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities	ARM	6-May-2025
CPD Live - Foreign Direct Investments and Sovereignty	FJS	08-May-2025
Withholding Tax and the Tax Implications of Cross-Border Transactions	TLS	19-May-2025
CPR (Cardiopulmonary Resuscitation) / AED (Automated External Defibrillator) Training for Board	ARM	20-May-2025
E-invoice session with Messrs Ernst & Young (2nd session)	ARM	3-June-2025
The Influence of Board Culture on Corporate Performance	ARM	5-June-2025
The Journey into the AI Age: Game Changer for Your Digital Transformation Era Programme	LCW	17-Jun-2025
Corporate Directors Training Programme Fundamental 5.0 + Financial Statements 101	FJS	17 & 18-Jun-2025
Latest Tax Implications on Digital Transactions in Malaysia	LST	10-Jul-2025
International Energy Week Summit 2025: From Sarawak to the World: Journey to Clean Energy Leadership	ARM	15 & 16-July-2025
How to measure sustainability performance optimally: Target setting and choosing the right metrics?	TLS	17-Jul-2025
Exclusive Invitation: IMD Malaysia Masterclass on Competitiveness & Strategy	ARM	18-July-2025

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Directors' Training (Cont'd)

All Directors have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia Securities, comprising Part I (Director's Roles, Duties and Responsibilities) and Part II (Sustainability and Related Roles of a Director).

Note :

- ARM - Tan Sri Abd Rahman Bin Mamat, Independent Non-Executive Director
- GKC - Dr. Goh Kar Chun, Group Managing Director
- GA - Miss Goh Anne, Group Executive Director
- TLS - Mr. Tai Lam Shin, Non-Independent Non-Executive Director
- LST - Mr. Law Sang Thiam, Independent Non-Executive Director
- FJS - Ms. Fong Jed See, Senior Independent Non-Executive Director
- LCW - Dato' Dr. Lee Chung Wah @ Lee Chung Fu, Independent Non-Executive Director

II. BOARD COMPOSITION

The MCCG emphasises the importance of right board composition in enhancing the Board decision making process and the transparency of policies and procedures in selection and evaluation of board members.

The present Board composition comprises Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals enabling the Board to carry out its responsibilities effectively. In accordance with Clause 115 of the Company's Constitution, unless otherwise determined by General Meeting, the number of directors shall not be less than two (2) nor more than twelve (12).

The Board's composition for the FY 2025 comprises of seven (7) members, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors.

Descriptions of the background of each director are presented on pages 12 to 16.

The Board had adopted a Board Diversity Policy which acknowledges the importance of Board diversity which includes, but is not limited to, business experience, geography, age, gender, ethnicity and aboriginal status. In particular, the Board has set a policy that at least one (1) member of the Board will be of the female gender.

Currently two members of the Board are of the female gender. This is in compliance with Paragraph 15.02(1)(b) of the Listing Requirements which requires at least 1 woman director on Board.

Subsequent to FY2025, the NRC had carried out an assessment of the Board, the Board Committees and the individual contribution of each Director based on the approved process together with an evaluation of the Performance of Chairman of the Board, the Chairman of the ARMC and NRC and the Senior Independent Director.

The NRC has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.

Through this process, the NRC and the Board had concluded that the Board's dynamics were healthy and effective.

All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Group Executive Directors and major shareholders which would interfere with the exercise of their independent judgement. The Chairman of the Board is an Independent Non-Executive Director while the number of independent directors maintained by the Board currently represents half of the Board members and is above the prescribed composition of one-third (1/3) requirement of independent directors recommended under the Bursa Malaysia Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Director's Retirement

The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

The Constitution of the Company provides that all directors including a Managing Director or Deputy Managing Director shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

The above provisions are adhered to by the Board in every AGM. Information on Directors standing for re-election are outlined in the respective Profile of Directors covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth on pages 14, 15 and 19 of this Annual Report.

At the forthcoming 10th AGM, Mr. Tai Lam Shin and Ms. Fong Jed See are due to retire by rotation under Clause 133 of the Constitution and being eligible had offered themselves for re-election. Following the NRC's review on the performance of the Directors and having noted their significant and valued contributions to the Board, the NRC had recommended their re-election to the Board and the Board had concurred with such recommendation and are recommending that shareholders re-elect the Directors at the forthcoming 10th AGM.

The Directors subject to retirement have completed their respective Declarations in accordance to the Fit and Proper Person Policy to affirm that they have fulfilled the fit and proper person criteria relating to their Probity, Personal Integrity and Reputation and Financial Integrity.

Nomination and Remuneration Committee

The Board had established a Nomination and Remuneration Committee ("NRC") comprised exclusively of Non-Executive Directors, majority of whom are Independent Directors.

During the FY2025, the members of the NRC were as follows:

Fong Jed See - Chairman, Senior Independent Non-Executive Director

Law Sang Thiam - Member, Independent Non-Executive Director

Dato' Dr. Lee Chung Wah @ Lee Chung Fu - Member, Independent Non-Executive Director

Tai Lam Shin - Member, Non-Independent Non-Executive Director

The Chairman of the NRC is the Senior Independent Non-Executive Director.

The primary responsibilities of the NRC are set out in detail in its Terms of Reference which can be viewed from the Company's website at <http://www.multicode.com.my>.

In compliance with the provision of Paragraph 15.08A(3) of the Listing Requirements the activities of the NRC for the FY2025 are set out below:

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Activities of NRC

Subsequent to the FY 2025, the NRC carried out the following activities:

1. Carried out the assessment based on the approved process comprising of an evaluation of the Board, the Board Committees and the individual contribution of each members, in the form of annual evaluation questionnaires which were then reviewed and deliberated by the NRC before its findings and recommendations were tabled to the Board.

The evaluation of the Performance of Chairman of the Board, the Chairman of the ARMC and NRC and the Senior Independent Director was also conducted during the schedule meeting of NRC. Each Director had abstained from the deliberation of their own evaluation.

2. Reviewed the appropriateness of structure, size, composition and balance of the Board, and the required mix of skills and experience covering legal, medical and healthcare, as well as gender diversity.

The NRC had concluded that the Board's dynamics are healthy and effective. The present members of the Board possess appropriate skills, experience and qualities to steer the Company forward. The NRC was also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively;

The NRC also concluded that the Board Committees were functioning effectively, meeting the objective as set out in its term of reference and assisting the Board in fulfilling its statutory and fiduciary responsibilities adequately.

3. Reviewed the performance of the relevant directors retiring by rotation and proposed their re-election as Directors in accordance to Clauses 133 of the Company's Constitution.

Information of the directors standing for re-election is outlined in the Profile of Directors covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth on pages 14, 15 and 19 of this 2025 Annual Report.

4. Reviewed the independence of Independent Directors and their length of tenure in office through Evaluation Questionnaires.

The Board had adopted the evaluation procedures for assessment of the independence of the Independent Directors and where applicable, any impairment arising from a long tenure in office (9 years as prescribed by MCCG).

The evaluation was carried out, reviewed and deliberated and duly recommended and tabled to the Board.

Each independent director had abstained in the deliberation of their own independence during the evaluation. It was concluded that the independence of all Independent Directors was not compromised or impaired after considering the following factors:

- The Independent Directors fulfilled the criteria and definition of an independent director as set out under Para 1.01 of Bursa Malaysia's Main Market Listing Requirement;
- The Independent Directors have not developed, established or maintained any significant personal or social relationship with the Executive Directors, major shareholders or management of the company;
- The Independent Directors have never transacted or entered into any transactions with, nor provided any service to the Company and its subsidiaries, the Executive Directors, major shareholders or management of the company;
- The Independent Directors have not been offered or granted any options by the Company. No other incentives or benefits of whatsoever nature had been paid to them by the Company; and
- The Independent Directors have attended training programs and keep abreast with development in corporate governance and corporate development, brought objective insight to all aspect of monitoring and oversight activities of the Board and devoted sufficient time commitment and desire to serve.

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Activities of NRC (Cont'd)

Subsequent to the FY 2025, the NRC carried out the following activities (Cont'd):

5. Reviewed the performance of the Group Managing Director, the Group Executive Director and senior management based on Remuneration Policy and key performance indicator and following deliberation made recommendations for adjustments to their remuneration where appropriate.
6. Reviewed and made recommendation to the Board in respect of Director fees and benefits for the financial year ending 31 July 2026.

III. REMUNERATION

The NRC and Board are mindful of the need to remunerate and retain its Directors and senior executive management to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The NRC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors and senior executive management which should be aligned with the business strategy and long term objectives of the Company taking into consideration that the remuneration of the Board and senior executive management should reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The NRC had reviewed the Director's fees and benefits and the Executive Directors' remuneration for the financial year ending 31 July 2026 and recommended to the Board for approval.

The Remuneration Policy and Procedures for Directors and Senior Management is available on the Group's website at <http://www.multicode.com.my>.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is chaired by an Independent Director who is distinct from the Chairman of the Board. The Chairman of the ARMC is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). The ARMC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the ARMC.

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at <http://www.multicode.com.my>.

Further information on the composition and summary of work of the ARMC are set out on pages 30 to 32 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FY 2025, the Board and ARMC were assisted by the Group Executive Directors and the Risk Management and Sustainability Working Committee to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets. The Group's internal audit function has been outsourced to a professional internal audit services company which reports directly to the ARMC.

CORPORATE GOVERNANCE OVERVIEW (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

The Board acknowledges that risk management and internal control are an integral part of good governance. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritise and manage the risks involved in all the Group's activities and to balance between the costs and benefits of managing and treating risks, and the anticipated returns that will be derived from.

Further details of the Group's systems of risk management and internal control and the function of the Internal Auditors are reported in the Audit and Risk Management Committee Report on pages 29 to 33 and the Statement on Risk Management and Internal Control on pages 58 to 61.

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

I. COMMUNICATION WITH STAKEHOLDERS

MCE is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Board had in place a Stakeholders Communication Policy and Corporate Disclosure Policy which are available on the MCE's website at <http://www.multicode.com.my>.

II. CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of communications with its shareholders and will take appropriate measures to encourage shareholders' participation at general meetings as recommended by the MCGG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during AGMs.

To ensure effective participation of and engagement with shareholders at the AGM, all Directors, including members of ARMC and NRC, attended and participated at the AGM.

The Notice of the 10th AGM and Annual Report are sent out to shareholders at least 21 days prior to the date of the meeting in accordance with the provision of the Constitution and Companies Act 2016 which the Board is of the opinion already allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

Compliance Statement

The Board recognises and views that Corporate Governance is an ongoing process and is of the view that the Company has substantially complied with the recommendations of the MCGG and will take appropriate steps towards embracing the Principles and Recommendations under the MCGG at a pace and time frame consistent with the size, priority and dynamics of the Group.

This Corporate Governance Overview Statement was approved by the Board of Directors of MCE on 31 October 2025.

ADDITIONAL COMPLIANCE INFORMATION

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

In compliance with the Listing Requirements, the following additional information are provided:-

1. Audit and Non-Audit Fees

During the financial year, the audit fee and non-audit fees paid or payable by MCE Holdings Berhad and its subsidiaries ("Group") to the External Auditors for the financial year ended 31 July 2025 were as follows:

Audit Services	2024	
	Group RM	Company RM
Statutory audit fees	160,000	32,000
Non-audit fees	5,000	5,000
TOTAL	165,000	37,000

2. Utilisation of Proceeds from Corporate Proposals

a) Disposal of Land

On 15 November 2024, the Group completed the disposal of a piece of freehold land held under HS(D) 306627, PT37252, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor, measuring approximately 13,263.38 square metres in area for a cash consideration of RM43,686,345.00.

The status of the utilization of proceeds arising from the disposal of land is as follows:

Details of utilisation	Status of Utilisation	Proposed Utilisation (RM'000)	Reallocate from Working Capitals (RM'000)	Utilised Amount (RM'000)	Amount Unutilised (RM'000)
Working capital	Partial	40,686	(885)	-	39,801
Estimated expenses in relation to the Proposed Disposal	Fully	3,000	885	(3,885)	-
Total gross proceeds raised		43,686	-	(3,885)	39,801

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

2. Utilisation of Proceeds from Corporate Proposals (Cont'd)

b) Private Placement

On 10 December 2024, the Group completed the private placement of 12,358,310 new ordinary shares for a total cash consideration of RM18,290,298.80.

The status of the utilisation of proceeds arising from the disposal of land is as follows:

Details of utilisation	Status of Utilisation	Proposed Utilisation (RM'000)	Actual Proceeds Raised (RM'000)	Reallocate from Capital Expenditures (RM'000)	Utilised Amount (RM'000)	Amount Unutilised (RM'000)
Capital expenditures	Partial	15,000	15,525	(728)	(7,335)	7,462
Partial finance to construct a new manufacturing factory on Serendah Land	Fully	2,502	2,590	728	(3,318)	-
Defray estimated expenses in relation to the private placement	Fully	170	176	-	(176)	-
Total		17,672	18,291	-	(10,829)	7,462

3. Material Contracts

To the best of the Board's knowledge, there were no material contracts involving the Group with any of the directors, chief executive who is not a director and/or major shareholders during the financial year ended 31 July 2025.

4. Contract relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries in respect of the preceding item.

4. Employee Share Options Scheme

The Group did not offer any share scheme for employees during the financial year under review.

5. Recurrent Related Party Transactions ("RRPT")

Saved for the RRPT disclosed in Note 34 to the Audited Financial Statements for the financial year ended 31 July 2025, there were no other transactions entered into with the related parties during the FYE2025.

The Company will be seeking its shareholders' approval for the proposed new shareholders' mandate for RRPT ("Proposed Mandate") at the forthcoming 10th Annual General Meeting. The details of the Proposed Mandate are enclosed in the Circular to Shareholders dated 26 November 2025.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE

In compliance with Paragraph 15.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") the Audit and Risk Management Committee ("ARMC") during the financial year ended 31 July 2025 was comprised wholly of Non-Executive Directors with a majority Independent Directors.

During the FY2025, the members of the ARMC were as follows:

Law Sang Thiam	Chairman, Independent Non-Executive Director
Fong Jed See	Member, Senior Independent Non-Executive Director
Tai Lam Shin	Member, Non-Independent Non-Executive Director
Dato' Dr Lee Chung Wah @ Lee Chung Fu	Member, Independent Non-Executive Director

SECRETARY

The Secretaries to the ARMC are the Company Secretaries of the Company.

TERMS OF REFERENCE

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at <http://www.multicode.com.my>.

MEETINGS

The attendance record of all members of the ARMC during the financial year ended 31 July 2025 are as follows: -

	Name of Director	Attendance
Chairman	Law Sang Thiam (Independent Non-Executive Director)	5/5
Member	Fong Jed See (Senior Independent Non-Executive Director)	5/5
	Tai Lam Shin (Non-Independent Non-Executive Director)	5/5
	Dato' Dr Lee Chung Wah @ Lee Chung Fu (Independent Non-Executive Director)	5/5

The agenda for meetings, the relevant reports and papers were furnished to ARMC members by the Secretary after consultation with the ARMC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings.

During its scheduled quarterly meetings, the ARMC reviewed the risk management and internal control processes, the interim and year-end financial reports, the internal and external audit plans and reports, Related Party Transaction ("RPT"), conflict of interest situation and all other areas within the scope of responsibilities of the ARMC under its Terms of Reference.

All issues were adequately deliberated during ARMC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each ARMC meeting were properly recorded by the Company Secretary and subsequently escalated to the Board for review, notation and Board intervention where deemed necessary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

MEETINGS (CONT'D)

The Chief Financial Officer (“CFO”) was invited to attend all ARMC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues. The Group Managing Director and relevant heads of department were also invited to the ARMC meetings during the presentation of Financial Reports, Management Reports, Budgets, Strategic Initiatives, Internal and External Audit Reports to provide first hand feedback to the ARMC members.

The External Auditors of the Company represented by the Partner and Audit Manager of the engagement team attended ARMC meetings to present their External Audit Planning Memorandum and External Auditors’ Report.

Similarly, the representatives of the outsourced Internal Audit Function attended the ARMC meetings to table their respective Internal Audit reports.

SUMMARY OF WORK

During the financial year ended 31 July 2025, the ARMC in discharging its duties and functions, had carried out the following activities which are broadly summarised as follows: -

a) Financial Reporting

Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. In reviewing these financial results, the ARMC ensured the quarterly reports and Audited Financial Statements (“AFS”) were prepared in compliance with the Malaysian Financial Reporting Standard (“MFRS”) while the quarterly reports were prepared in accordance with Paragraph 9.22 and Appendix 9B of the Listing Requirements;

b) Reports from External Auditors

- i. Reviewed the External Auditors’ Audit Planning Memorandum for the financial year;
- ii. Reviewed the AFS and the External Auditors’ findings and recommendations;
- iii. Reviewed other significant matters and unusual events or transaction highlighted by the External Auditors as well as how these significant matters are addressed;
- iv. Conducted two (2) private meeting session with the External Auditors without the presence of executive board members and management personnel;
- v. Assessed the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group’s financial department;
- vi. Evaluated the performance of External Auditor and recommended for appointment. The ARMC had considered and reviewed the External Auditors’ experience, resources availability, independence, non-audit services, timing for fieldwork and delivery of reports, working relationship with Management, appropriateness of audit fees and their willingness to continue in office for the next financial year including the External Auditor’s Transparency Report ; and
- vii. Obtained confirmation and declaration from External Auditors that they were independent and would be independent throughout their engagement.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK (CONT'D)

c) Reports from Internal Auditors

- i. Reviewed the periodic progress and achievement of Internal Audit Plan;
- ii. Reviewed and discussed the Internal Audit Reports with the recommendations made by the Internal Auditors on the areas of improvement; and
- iii. Evaluated the performance of the Internal Auditor based on their skill & experience, resource availability, independence, timing for fieldwork and delivery of reports, working relationship with Management and appropriateness of internal audit fees and based on the performance evaluation and assessment recommend to the Board on the renewal of engagement of the Internal Auditors.

d) Overall Governance Practices in the Group

- i. Reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the Bursa Malaysia's Listing Requirements, Malaysian Code of Corporate Governance, other applicable laws, rules, directives and guidelines;
- ii. Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Report, Corporate Governance Overview Statement, Sustainability Statement and Audit and Risk Management Committee Report together with the Internal Auditors and External Auditors;
- iii. Reviewed the Director's Responsibility Statement, Other Compliance Information and Other Governance Disclosure and Financial indicators;
- iv. Considered any related party transaction in order to ensure that they were not detrimental to the interests of the minority shareholders;
- v. Reviewed the Budget for the financial year ended 31 July 2025 prepared by management and ensured that the assumptions and estimates were reasonable and prudent; and
- vi. Reviewed report from Risk Management and Sustainability Working Committee in relation to the Company and Group's significant risks and risk management as an integral part of the operation and processes of the Group as well as the Group's sustainability policies and practices.
- vii. Reviewed the Declaration/Disclosure of Conflict of Interest/Potential Conflict of Interest of respective Director.
- viii. Reviewed and ensured that the processes in respect of RPT's were present and adhered to during the financial year ended 31 July 2025.
- ix. Reviewed on the terms of reference of ARMC and policies.
- x. Reviewed and recommended the adoption of Policy of Related Party Transactions.
- xi. Reviewed recurrent related party transactions ("RRPT") of the Group and monitored the thresholds for RPT and RRPT to ensure compliance with the MMLR of Bursa Securities.

e) Conflict of Interest or Potential Conflict of Interest ("COI")

In overseeing and discharging its responsibilities in reviewing situations of conflict of interest and potential conflict of interest involving the Directors and Senior Management, the ARMC:

- i. Reviewed and kept itself abreast on all the status of existing conflict (if any) and potential conflict of interest involving the Directors and Senior Management by way of review of existing declarations/disclosures from all Directors and Senior Management in respect of their involvement in other companies/businesses carrying on similar business / trades as the MCE Group.
- ii. Where applicable, recommended to the Board the measures to be taken to resolve, eliminate or mitigate any such conflict or potential conflict of interest situations.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK (CONT'D)

e) Conflict of Interest or Potential Conflict of Interest ("COI") (Cont'd)

In overseeing and discharging its responsibilities in reviewing situations of conflict of interest and potential conflict of interest involving the Directors and Senior Management, the ARMC (Cont'd):

iii. Other than as disclosed below, none of the Directors and Senior Management had any Conflict of Interest or Potential Conflict of Interest arising and reviewed by the ARMC:

Name of Director	Situation giving rise to conflict of interest	Rationale, measures taken to resolve, eliminate or mitigate COI
Fong Jed See	<p>Ms Fong is the Managing Partner of Messrs Fong Yap & Gan a legal firm which has engaged in provision of legal services in the ordinary course of business to the MCE Group of Companies within the last 3 years and the consideration in aggregate does not exceed 5% of the gross revenue on a consolidated basis of the legal firm or RM1.0 million whichever is higher.</p> <p>The provision of legal services is in the ordinary course of business for both Messrs Fong Yap & Gan and MCE Group of Companies and is recurrent in nature.</p> <p>The fees in respect of engagement of services is based on Messrs Fong Yap & Gan's official quotation and are on terms and conditions not more favorable than those generally available to the Public.</p>	<p>The ARMC's had reviewed the COI or potential COI with the Group and concluded that the legal services provided by Messrs Fong Yap & Gan to MCE Group of Companies was :</p> <ul style="list-style-type: none"> In the ordinary course of business and on terms and conditions not more favorable than those generally available to the public. The consideration in aggregate over the past 3 years does not exceed 5% of the gross revenue on a consolidated basis of the legal firm or RM1.0 million pursuant to Paragraph 4.1 of Practice Note 13 and does not compromise or disqualify the independence of Ms Fong. The Management will ensure and observe at all times that Ms Fong will abstain and is not engaged in any discussion or decision relating to the amount charged or consideration levied for services rendered to MCE and its Group of Company's and that such charges / consideration is fair and reasonable and on terms and conditions not more favorable that those generally available to the public.

f) Assurance from Group Managing Director ("GMD") and Chief Financial Officer ("CFO") on Group's Risk Management and Internal Control

Received assurance from the GMD and CFO that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement on Risk Management and Internal Control to the Board of Directors. The GMD and CFO assured that: -

- Appropriate accounting policies had been adopted and applied consistently;
- The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Bursa Malaysia's Listing Requirements; and to mitigate key risks faced by the Group; and
- The Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The MCE Group outsourced its internal audit function to a professional service firm, NeedsBridge Advisory Sdn. Bhd. The number of staff deployed for the internal audit reviews ranges from 4 to 5 staff per visit including the engagement Executive Director. The staff involved in the internal audit reviews possess the appropriate professional qualification and/or a university degree and relevant working experience. Most of the internal audit staff deployed are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement team are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework ("IPPF"). The primary responsibility of this internal audit function is to assist the Board and the ARMC in reviewing and assessing the effectiveness of the systems of internal control and to provide recommendations to strengthen the internal control procedures.

The annual internal audit plan was developed in consideration of the Group's risk profile as well as Board's and management's concerns. Upon review and approval of the internal audit plan by the ARMC, internal audit reviews were carried out in accordance with this approved plan. The review of the IA Reports is to ensure that the audit direction remains relevant and is in line with the ARMC's expectations.

Prior to the presentation of reports and findings to the ARMC, the findings of the reviews were discussed with Senior Management and comments from the management were obtained and incorporated into the internal audit findings and reports. Follow-up reviews were carried out to ascertain the status of management's implementation of recommendations in the internal audit reports. The results of the follow-up reviews were also reported to the ARMC.

The Internal Auditors had attended two (2) ARMC meetings during the financial year. The functional areas and operating processes reviewed by the Internal Auditors were as follows: -

- i. Production Management;
- ii. Inventory Management; and
- iii. Follow-up on the status of implementation for previously highlighted findings.

The total cost incurred during the current financial year for the internal audit function of the Group was RM59,653 (2024 : RM50,218).

This Report was approved by the Board on 31 October 2025.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

MCE Holdings Berhad (“MCE”) and its subsidiaries (“the MCE Group” or “the Group”) recognise that our operations are deeply connected to the wider world around us. The way we conduct our business influences not only our own growth but also the economy, the environment, and society. Guided by this awareness, we are committed to operating responsibly and pursuing sustainable growth that delivers long-term value for all stakeholders.

MCE Group’s 2025 Sustainability Statement (Statement) communicates our sustainability commitments, strategies, initiatives as well as our sustainability performance in financial year ended 2025 (FY2025). This marks our second Sustainability Statement. In demonstrating our commitment this year, the Statement highlights the Group’s impact across Environmental, Social, and Governance (ESG) dimensions. These disclosures reflect our ongoing efforts to operate responsibly and sustainably, while our economic performance is reported in the Marketplace section.

It is worth noting that our Board recognises the importance of addressing the ESG factors that influence the sustainability of the Group’s business as we continue to create long-term shareholder value while safeguarding the interest of all stakeholders. In this Statement, we share our ongoing efforts to address some of the ESG aspects that are material to our business operations and long-term growth.

For a better understanding of our sustainable initiatives we integrated into our business strategy and operations, stakeholders should read this report together with the Annual Report 2025.

Reporting period

This Statement covers our ESG performance and discloses our sustainability initiatives and updates from 1 August 2024 to 31 July 2025, unless specified otherwise.

Scope of Reporting

The scope of this Statement covers our business operations in Malaysia only and encompasses two (2) subsidiaries – Multi-Code Electronics Industries (M) Berhad (“MCEIB”) and Multi-Code Technologies (M) Sdn Bhd (“MCT”) – located in Malaysia. Unless specified, this Statement excludes outsourced activities or joint ventures. It is worth noting that we have endeavoured to report all issues deemed material to the Group. Unless otherwise specified, the report contains internally sourced qualitative and quantitative data. This Statement is available on our website: <https://www.multicode.com.my/>

Reporting Framework

This Statement has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards and adheres to the following standards, where applicable, to address significant ESG-related aspects. It is also aligned with global sustainability agendas, particularly the United Nations Sustainable Development Goals (UN SDGs). It is also guided by:

- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code on Corporate Governance (MCCG) by the Securities Commission Malaysia
- Bursa Malaysia Sustainability Reporting Guide

Assurance

This Statement contains data and information sourced internally from all companies included within the scope of reporting. All data and information have been vetted and verified by the contributing subsidiaries, and subsequently reviewed by the Risk Management and Sustainability Working Committee (RMSWC) before they are presented to the Board of Directors for approval.

The RMSWC, as the Board-level committee overseeing sustainability, has oversight of the Group’s sustainability reporting and the overall business sustainability. This forms part of our continued commitment to upholding good corporate governance practices and ensuring the production of a credible, fair and balanced Sustainability Statement.

SUSTAINABILITY STATEMENT (CONT'D)

ABOUT THIS STATEMENT (CONT'D)

Feedback

Feedback, suggestions and comments on this Statement are welcomed and maybe directed to mcejb@multicode.com.my.

A. OUR PRESENCE

Our operations

The MCE Group is a leading Original Equipment Manufacturer (“OEM”) specialising in the full spectrum of design, manufacture and supply of automotive electronics and mechatronic parts for both Malaysian and regional markets.

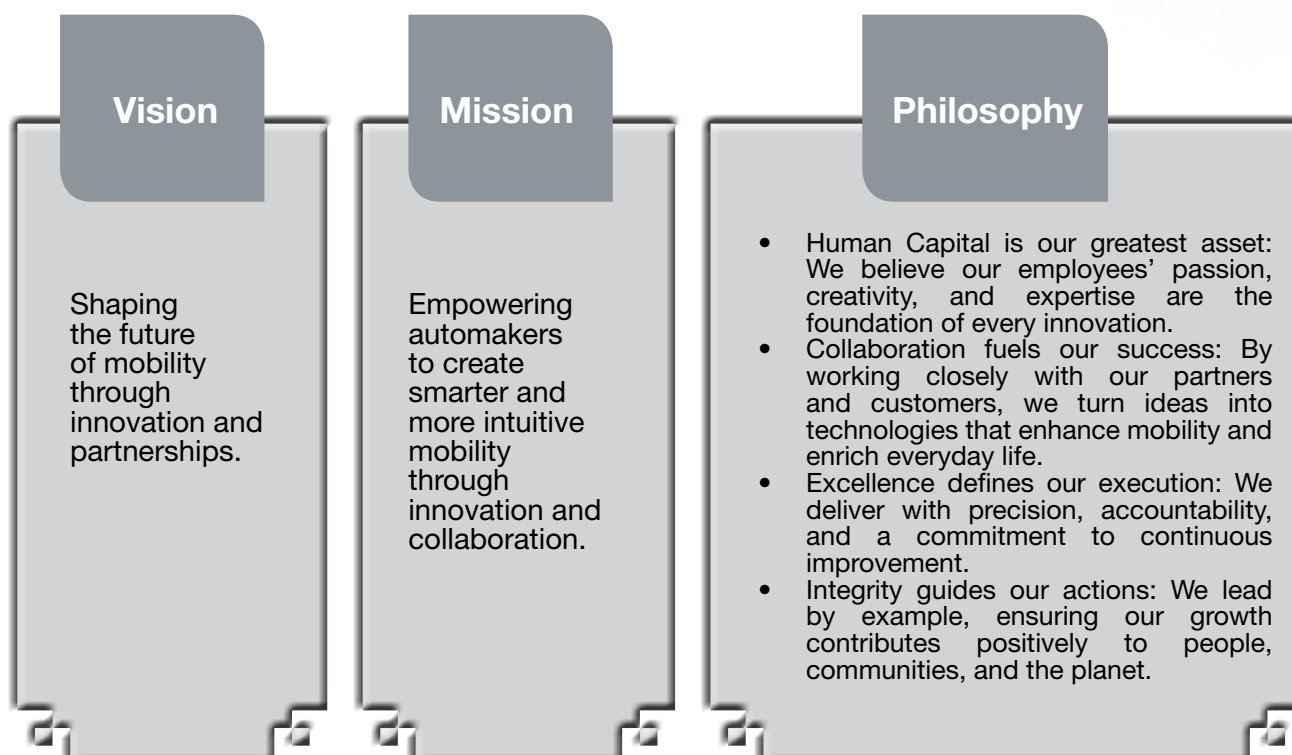
The Group currently operates two facilities, employing over 600 full-time employees, including more than 80 engineers, who make up over 13% of our workforce, reflecting our ongoing commitment to strengthening our research and development capabilities.

The Group’s primary facility in Johor Bahru, Johor, serves as our main manufacturing hub, integrating advanced design and testing capabilities and housing our corporate headquarters.

The second facility in Pelabuhan Klang, Selangor, supports expanded manufacturing and serves as a key centre for warehousing business development, marketing, and customer support. Strategically located near major ports, it enables efficient distribution and seamless service to our customers.

An additional facility in Serendah, Selangor, is expected to be commissioned by the end of calendar year 2025. Once operational, it will further expand our manufacturing and warehousing capacity, and be located near one of our major customers, helping to reduce carbon emissions through improved logistic efficiency.

The three facilities are strategically located to keep the Group closely connected with domestic customers while supporting our overseas business and export activities via Malaysia’s major air and seaports.



SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH

Sustainability Materiality Matters

As part of our annual assessment of sustainability materiality matters, MCE Group formally conducted a formal materiality assessment to identify and prioritise sustainability issues relevant to our operations. While the assessment was limited to internal stakeholders and not exhaustive, it served as a foundational step in our journey toward formal ESG adoption.

Purpose and Outcomes

The process enabled us to:

- Identify current material topics across our business value chain
- Review our sustainability strategy
- Develop impact-based solutions to address key sustainability matters

Material Topics and ESG Matrix

Based on the assessment, we categorised our material topics according to their impact on our operations and stakeholder interests. These topics are mapped across the MCE Group's four ESG pillars:

MCE Group's 4 Pillars	Environmental Stewardship	Empowering Our People and Communities	Good Governance	Sustainable Business
High	<ul style="list-style-type: none"> Environmental Management System (EMS) Facility Management 	<ul style="list-style-type: none"> Safety and Health Talent management 	<ul style="list-style-type: none"> Governance 	<ul style="list-style-type: none"> Product Quality Sustainable supply chain Economic performance Customer satisfaction
Medium				Product technology and innovation
Low	<ul style="list-style-type: none"> Waste Management 	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") 		

Following the assessment, internal stakeholders agreed on the importance of periodically reviewing our sustainability material matters to reflect evolving business dynamics and stakeholder expectations. To ensure continued relevance, MCE Group has proposed a biennial review cycle for our materiality assessment.

Our Sustainability Strategy

As one of the leading automotive electronics and mechatronics parts manufacturers and suppliers, MCE Group is committed to addressing our identified sustainability materiality matters by aligning them with the sustainability pillars defined in our ESG frameworks (environmental, social and governance).

Our ESG Framework serves as the focal point for how we address the materiality topics identified by our stakeholders and shape our sustainability strategy, helping us promote, adopt and embed our sustainability aspirations into our operations for the long term.

Our ESG frameworks is built on four (4) key pillars – Environmental Stewardship (Environmental), Empowering Our People and Communities (Social), Good Governance (Governance) and Sustainable Business (Marketplace). This framework guides us in addressing sustainability materiality issues that impact our business.

By embedding these four main pillars into our operations, we believe it will not only improve our operational efficiency but also enable us to operate ethically and responsibly while safeguarding our long-term economic viability, thus, enhancing value for the Group and our stakeholders. This marks a strong start to our sustainability journey and has become our beacon in driving our business operations.

SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH (CONT'D)

Our Sustainability Strategy (Cont'd)

ESG Frameworks	MCE's 4 Pillars	Objectives	UN SDGs
Environmental	Environmental Stewardship	Institute measures to reduce our carbon footprint while promoting sustainable operational practices within our operations.	SDG 9: Industry, Innovation & Infrastructure SDG 13: Climate Change
Social	Empowering Our People and Communities	Facilitate strategic support, partnerships and training programmes to empower our people and communities while promoting health and safety awareness.	SDG 3: Good Health & Well Being SDG 4: Quality Education
Governance	Good Governance	Committed to upholding the highest standards of ethics, integrity and accountability in our business practices.	SDG 16L Peace, Justice & Strong Institutions
Marketplace	Sustainable Business	Formal adoption and integration of our ESG matters into our operations while managing our ESG risks and opportunities towards a sustainable future.	SDG 8: Decent Work & Economic Growth SDG 11: Sustainable Cities & Communities SDG 12: Responsible Consumption & Production

Stakeholders' Engagements

MCE Group recognises that close engagement with our stakeholders is key to creating progress and value in our sustainability journey and understanding our stakeholders' expectations and concerns.

Our strong commitment to our stakeholders drives us to engage with both our internal and external parties, especially our key stakeholders, namely shareholders, investors and analysts, employees, customers, suppliers, regulators and government bodies, through various communication platforms.

Through these engagements, MCE Group is able to better understand their expectations and concerns, and, in turn, effectively determine key sustainability matters that are material to both the organisation and our stakeholders.



MARII
BEST LOCAL
AUTOMOTIVE SUPPLIER
AWARD 2024



PDKM
OVERALL BEST PAINTER
VENDOR
AWARD 2024



TOYOTA
BEST IMPROVEMENT IN
SAFETY
AWARD 2024



TADME
SUSTAINABLE
PARTNERSHIP
AWARD 2024/25

SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH (CONT'D)

Stakeholders' Engagements (Cont'd)

MCE Group's initiatives on our stakeholders' engagement are briefly illustrated in the table below:

Stakeholder Group	Area of Interest	Engagement Methods
Suppliers	<ul style="list-style-type: none"> Manufacturing capabilities & competencies; Fair procurement; Anti-corruption & anti-bribery; and Sustainability matters. 	<ul style="list-style-type: none"> Technical presentation; Field audit at supplier's premises; Yearly Performance Review; and Business meeting.
Local community	<ul style="list-style-type: none"> Social & environmental issue; Local employment; and Community development. 	<ul style="list-style-type: none"> Hiring advertisement; Internship programme with colleges & universities; Social media & Group's website; and CSR activities.
Customers	<ul style="list-style-type: none"> Product Technology Quality, Cost & Service Promote new product Promote our company capability and capacity 	<ul style="list-style-type: none"> Monthly vendor briefing by customers Annual customer satisfaction survey Business meetings Customers' field audit Information shared through Group's website Road show and technology fair Overseas & local exhibitions
Employees	<ul style="list-style-type: none"> Remuneration Career Planning & development Staff welfare & benefits Safety & Health Shop floor management 	<ul style="list-style-type: none"> Daily morning market meetings Morning briefing / Department meeting by HODs Monthly HODs Meeting Coffee break/lunch session between employees and GMD Social activities organised by CSR Committee Training programmes Communication/feedback via Group's social media account Annual dinner Long service awards Birthday celebration Sports activities & competition Team building activities
Shareholders	<ul style="list-style-type: none"> Financial performance 	<ul style="list-style-type: none"> Annual General Meeting; Annual Report; Quarterly Report; Media releases; Feedback through the Group's website and emails
Government regulators	<ul style="list-style-type: none"> Compliance to laws, regulations and guidelines 	<ul style="list-style-type: none"> Meetings and events; Forums

SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH (CONT'D)

Stakeholders' Engagements (Cont'd)

MCE Group's initiatives on our stakeholders' engagement are briefly illustrated in the table below (Cont'd):

Stakeholder Group	Area of Interest	Engagement Methods
Suppliers	<ul style="list-style-type: none"> Supply chain Fair procurement practices Quality of goods & services Mutually beneficial collaboration 	<ul style="list-style-type: none"> Business meetings; and Field audit at suppliers' premises
Local community	<ul style="list-style-type: none"> Risk Management Impacts of the Group's operations on the surrounding communities Local community development and investment 	<ul style="list-style-type: none"> Social activities organized by the Group's CSR Committee; Media releases.

C. ENVIRONMENT

Materiality Aspect	Key Impact Areas	Focus in 2025
Environmental stewardship	<ul style="list-style-type: none"> Environmental Management System (EMS) <ul style="list-style-type: none"> Facility management Waste management Water management 	<p>Operational Facilities (electric)</p> <ul style="list-style-type: none"> Reduce power wastage by 1% with thermal Cost saving (ensure no power leakage scanning) 80% of the workplace is using LED 64% of all Exit Sign is using LED <p>Waste Management</p> <ul style="list-style-type: none"> Operational Facilities All scheduled waste and recycled items to be segregated and collected <p>Water Management</p> <ul style="list-style-type: none"> Operational facilities To arrange and conduct regular leak inspection by contractor registered under Air Selangor & Ranhill SAJ

Managing Our Environmental Footprint

As part of the automotive industry supply chain, MCE Group recognises the significant sustainability challenges facing the industry, notably rapid change in regulatory standards (e.g. zero-emission vehicles), greenhouse gas emissions, water use and waste generation, material sourcing challenges, as well as extended producer responsibility requirements. In this regard, MCE GROUP recognises that our actions impact the environment and thus supports pollutions prevention and environmental protection in all our business operations.

To demonstrate our commitment, the Group has obtained ISO 14001 Environmental Management Systems standard for our main manufacturing locations. This certification represents our first step in ensuring that the Group prioritises the environmental impact of our operations and we have set appropriate targets for improved environmental performance.

In addition, we have introduced upgrades and improvements across our operations, particularly at our manufacturing plants in Johor Bahru and Telok Gong, by progressively switching lighting and air conditioning fixtures to energy-efficient system. In 2025, 80% of all lighting fixtures in our two manufacturing plants use LED technology, while 41% of air-conditioning units are inverter type.

SUSTAINABILITY STATEMENT (CONT'D)

C. ENVIRONMENT (CONT'D)

Managing Our Environmental Footprint (Cont'd)

The Group has also initiated sustainability programmes throughout our entire value chain and these include the following areas:

- Energy use across all our sites.
- Materials and components used in our products.
- Product innovation to increase recycling rates, substitute materials, energy use in production, and end-of-life-cycle disposal.
- CO2 emissions related to transportation, packaging, and logistics.

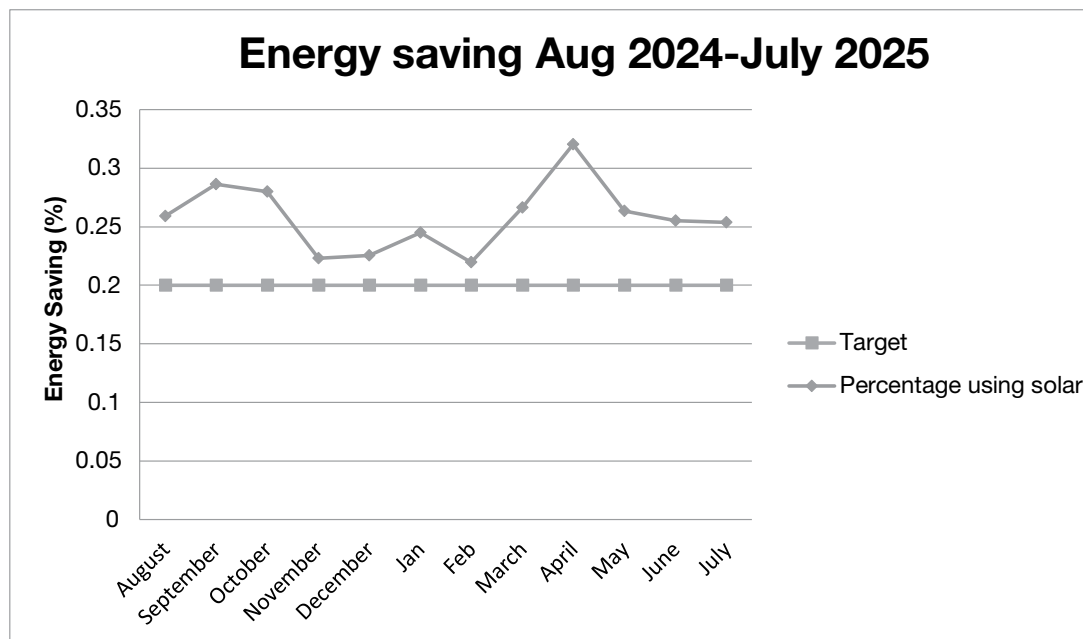
Energy Use and Management

Electricity consumption form a major portion of the operational cost, hence, lowering our energy consumption is a priority for reducing both our environmental impacts and our business costs. In this respect, the Group took proactive measures to reduce electricity cost by adopting clean energy at the end of 2021.

The Group installed a solar energy system at our Telok Gong manufacturing facility in 2021 with a 20% saving target. This implementation not only achieved our target, but also resulted in improved energy efficiency.

Based on our data in 2025, the solar system continued to outperform expectations, with average savings rising from 24.94% to 25.88%, against the 20% savings target. The initiative delivered cost savings of RM353,022.55 in 2025.

Year	TNB (kWh)	Solar (kWh)	Total (kWh)	Average % using solar	Target	Profit/savings (RM)	CO2 usage	Saving Co2
2025	1,998,477	693,561	2,692,038	25.88%	20.00%	353,022.55	1,384,944.56	480,637.77
2024	1,932,309	667,897	2,600,206	24.94%	20.00%	339,959.57	1,464,690.22	586,265.93
2023	1,837,824	720,201	2,558,025	28.25%	20.00%	366,582.31	1,393,070.59	545,912.36



SUSTAINABILITY STATEMENT (CONT'D)

C. ENVIRONMENT (CONT'D)

Energy Use and Management (Cont'd)

Our energy consumptions are as follow:

Year	Energy Usage							
	2025		2024		2023		2022	
Type of Energy	Electricity – kWh per year	Petrol and Diesel – Litres per year	Electricity – kWh per year	Petrol and Diesel – Litres per year	Electricity – kWh per year	Petrol and Diesel – Litres per year	Electricity – kWh per year	Petrol and Diesel – Litres per year
Unit per Year	4,054,540	59,185.69	3,487,241	49,265.54	3,861,078	57,384.65	3,359,119	53,135.48
CO2 (MT)	3,073.34	136.72	2,643.33	118.37	2,926.70	132.56	2,546.21	122.74

MCE Group's environmental management data is currently limited to two businesses (MCEIB & MCT). We intend to gradually expand our data collection to include all subsidiaries in Malaysia. MCE Group reports all emission under Scope 1, which covers direct emissions from company-owned and controlled resources, such as our company vehicle usage and all firm-level activities that used fuels which produce GHG emissions. Our Scope 2 emissions data is derived from electricity purchased from Tenaga Nasional Berhad (TNB).

We began gathering Scope 3 data in FY2024, focusing on employees' commuting patterns to and from work (Scope 3 - Category 7). The data includes their mode of transport and commuting distance. In FY2025, private vehicle users accounted for 40% of the workforce, forming the largest commuting group. The second-largest group (23%) used public or company transport, while 17% walked to work.

Mode of Transport - Employee Travel from House to/from Factory in FY2025						
	Public (bus) / Company Transport	Car	Motorcycle	Lorry	Walking	Total No. of employees
Number of employees	137	240	116	1	99	593
	23%	40%	20%	0%	18%	100%

Employee Distance from House to/from Factory (km) in FY2025						
Type of transport	Public (bus) / Company Transport	Car	Motorcycle	Lorry	Walking	Total
Distance (km)	85,596	1,737,377	813,488	2,132	96,200	2,738,793
Carbon Footprint of travel (kgCO2e)	8,691	295,354	92,738	365	0	397,147

Note:

Using the carbon footprint of travel per kilometer 2022 data from the UK Department for Energy Security and Net Zero, we estimated the carbon footprint of travel in grams of carbon dioxide equivalents per passenger kilometer travelled :

- The carbon footprint by diesel car is 171 gCO₂e
- The carbon footprint by petrol car is 170 gCO₂e
- The carbon footprint by motorbike is 114 gCO₂e
- The carbon footprint by bus (average) is 97 gCO₂e

SUSTAINABILITY STATEMENT (CONT'D)

C. ENVIRONMENT (CONT'D)

Energy Use and Management (Cont'd)

In managing these material matters more objectively, MCE intends to establish a GHG emission baseline before setting a target for our GHG emission improvement in 2026.

Year	2025	2024	2023	2022
Scope 1 - Petrol and Diesel (tonnes of CO ₂ e)	136.72	118.37	132.56	122.74
Scope 2 - Electricity (tonnes of CO ₂ e)	3,073.34	2416.66	2675.73	2327.87
Scope 3 - Employee Commuting to and from work	397.15	335.19	-	-

Notes on CO₂ Emission Factor:

Electricity – 0.758 GgCO₂e/GWh (Source: Grid emission factor 2021)

Waste Management

MCE Group is committed to upholding good waste management practices, as we believe effective waste management is key to developing a sustainable and value-added operation. Although the Group has yet to set a specific recycling or waste-deduction target, we have begun collecting data in an effort to establish a baseline dataset starting from FY2022 to FY2024.

As a responsible Group, we are committed to reducing the waste we generate and improving our waste management practices. Currently, we categorised our waste as either production or non-production waste. Non-production waste includes carton boxes and plastic reels.

In FY2025, we reduced overall waste generated, conserve natural resources, and lowered our environmental footprint. We recycled 19.12% of the 228 metric tonnes of waste generated, marking a 0.5-percentage-point improvement over FY2023, when 18.55% of 230.51 metric tonnes was recycled.

Scheduled Waste (Metric tonnes)	JB Production waste	JB (Non-production)	JB Sub Total	TG Production waste	TG (Non-production)	TG Sub Total	Recycled Sub Total	% Recycled	Total
2022	6.03	57.75	63.78	8.18	57.00	65.18	58.08	31.05%	187.04
2023	10.46	77.70	88.16	25.79	73.80	99.59	42.76	18.55%	230.51
2024	6.58	88.20	94.78	21.98	67.80	89.78	43.65	19.12%	228.21
2025	27.00	77.70	104.70	37.71	73.20	110.91	36.06	14.33%	251.67
Total	50.07	223.65	246.72	93.66	271.80	365.46	180.54	-	897.42

Water Consumption

As our operations are not water-intensive, water conservation was not ranked highly in our materiality assessment. Nevertheless, a culture of water conservation remains a key part of our internal practices, and we have set a zero leak target across all facilities. In FY2025, water consumption increased by 21% as compared to 2024.

Water Consumption	2025	2024	2023	2022
Total volume of water used (megalitre)	29.01	23.99	23.03	20.02

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL

Our Employee

Materiality Aspect	Key Impact Areas	Focus in 2025
Empowering Our People and Communities	<ul style="list-style-type: none"> Talent Management Safety & Health 	Talent Development - At least 2 hours of training per employee per year Safety & Health - Zero accident - Zero breach in health & safety regulations - To increase of awareness of safety and health level

As a Group, MCE holds fast to the belief that its operational success is owed to its employees. They are the driving force behind the Group's success, their know-how, creativity, and ability to implement and innovate ultimately convince and inspire customers. Hence, our key management philosophy is "Human capital is our greatest asset".

Employees' performance, commitment and loyalty are critical not only in achieving the Group's vision and mission, but also for its long-term survival and sustainability.

In line with our journey to create long-term value and built a sustainable organisation, MCE Group focuses on strengthening sustainability programmes in the following areas:

In line with our journey to create long-term value and build a sustainable organisation, MCE Group focuses on strengthening programmes in the following areas:

- Employee training and development.
- Diversity and inclusiveness.
- Well-being of employees.
- Implementing fair labour practices to attract and retain a skilled workforce.

All employees are required to undergo proper orientation on the Group's culture and policies, and are formally appraised at least once a year. We also maintain and promote a healthy work environment by fostering a collaborative culture where people are motivated to develop their competencies and deliver the best results for the Group and the customers.



SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Human Capital Development

To sustain business growth, the Group provides comprehensive training and development opportunities for all employees. In FY2025, most employee categories experienced an increase in training hours. Management employees recorded a 27% jump in training hours, from 721 hours in FY2024 to 917 hours in FY2025.

Total hours of training by employee category	2022	2023	2024	2025
Director	419.5	318	363	266.5
Management	144	281	721	917
Executive	1,041	1,831	3,003	2,730
Non-executive	337	798.5	3,115	1,265

Promoting Diversity and Inclusiveness

In FY2025, we had a total of 600 employees including seven company directors. As a Malaysian listed Group, we strive to build and nurture a culture that actively promotes and values diversity and inclusiveness in our workforce.

This commitment is reflected in our Board Diversity Policy, introduced on 1 November 2018 and revised on 27 June 2022, which aims to maintain a Board comprising talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds.

Although we do not have a dedicated diversity and inclusiveness policy at the employee level, our recruitment policies and practices have always been practical and merit-based. Drawing from our Board Diversity Policy, we recruit individuals from various backgrounds, experiences and cultures, with an emphasis on skills and specialisations that support our business priorities.

MCE Group has zero tolerance for discrimination, whether based on gender, age, disability, political views, or any other factors. By preventing discrimination, we create an inclusive and welcoming workplace that enhances the well-being of our employees.

The Group believes that incidents of discrimination should be reported, and all reports will be handled with discretion and without reprisals for the person reporting. In FY2025, there were no reported incidents of discrimination.

Group	Gender	Below 30 years old		Between 30-40 years old		Between 40-50 years old		Above 50 years old		Grand Total	
		Nos	%	Nos	%	Nos	%	Nos	%	Nos	%
Director	Female (F)	–	–	–	–	1	14.29	1	14.29	2	28.58
	Male (M)	–	–	–	–	3	42.86	2	28.56	5	71.42
Sub total		–	–	–	–	4	57.15	3	42.85	7	100.00
Management	F	–	–	4	13.33	3	10	–	–	7	23.33
	M	–	–	8	26.67	15	50	–	–	23	76.67
Sub total		–	–	12	40.00	18	60.00	–	–	30	100.00
Executive	F	7	6.73	26	25.00	9	8.65	–	–	42	40.38
	M	13	12.51	39	37.50	10	9.62	–	–	62	59.63
Sub total		20	19.24	65	62.50	19	18.27	–	–	104	100.01

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Promoting Diversity and Inclusiveness (Cont'd)

		Below 30 years old		Between 30-40 years old		Between 40-50 years old		Above 50 years old		Total	
Group	Gender	Nos	%	Nos	%	Nos	%	Nos	%	Nos	%
Non-executive	F	56	12.20	61	13.29	41	8.93	4	0.87	162	35.29
	M	141	30.72	147	32.03	7	1.54	2	0.44	297	64.73
Sub total		197	42.92	207	45.32	48	10.47	6	1.31	459	100.02
Total		217	36.17	285	47.50	89	14.83	9	1.50	600	100.00

Age

In terms of diversity, the majority of employees fall within the 30-40 age group, representing 47.50% (285 employees), followed by those below 30 years old, comprising 36.17% (217 employees). The third-largest group consists of employees aged 40-50, accounting for 14.83% (89 employees), while those above 50 formed the smallest group at 1.50% (9 employees). As for the Board of Directors, members are represented across two age categories: above 50 years old (3 members) and between 40-50 years old (4 members).

Gender

When it comes to gender diversity, the group's total female representation stands at 35.50%.

At Board level, two out of seven (7) directors are female.

Gender Group by Employee Category	Measurement Unit	2022	2023	2024	2025
Management Male	Percentage	64.71	68.42	73.08	76.67
Management Female	Percentage	35.29	31.58	26.92	23.33
Executive Male	Percentage	46.30	51.77	57.00	59.63
Executive Female	Percentage	53.70	48.23	43.00	40.38
Non-executive Male	Percentage	62.82	67.56	66.74	64.73
Non-executive Female	Percentage	37.18	32.44	33.26	35.29

Percentage of directors by gender and age group	Measurement Unit	2022	2023	2024	2025
Male	Percentage	66.66	66.66	71.42	71.42
Female	Percentage	33.34	33.34	28.58	28.58
Below 30 years old	Percentage	-	-	-	-
Between 30 to 40 years old	Percentage	16.67	16.67	14.29	-
Between 40 to 50 years old	Percentage	50.00	50.00	57.15	57.15
Above 50 years old	Percentage	33.33	33.33	28.56	28.56