THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, valuation certificate and report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

You should rely on your own evaluation to assess the merits and risks of the Proposed Disposal (as defined herein).

This Circular has been reviewed by Malacca Securities Sdn. Bhd., being the Principal Adviser to Scope Industries Berhad for the Proposed Disposal.

SCOPE

SCOPE INDUSTRIES BERHAD
[Registration No.: 200201023713 (591376-D)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN SCOPE MANUFACTURERS (M) SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FOR A TOTAL CASH CONSIDERATION OF RM96,700,000 ("PROPOSED DISPOSAL")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

Malacca Securities
Since 1963

MALACCA SECURITIES SDN. BHD.
Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Scope Industries Berhad ("**Scope**" or the "**Company**") will be held at Conference Room, O&G Hotel, 1-L1-5 and 1-L1-6, Jalan Wawasan 4, Taman Wawasan Jaya, 34200 Parit Buntar, Perak, Malaysia on Friday, 11 July 2025 at 10.00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herewith in this Circular.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint proxy(ies) to attend, participate, speak and vote on his/her behalf. In such event, the Form of Proxy must be lodged at the Company's Registered Office at Suite 16.06, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, Malaysia not less than 48 hours before the stipulated time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude the shareholders from attending, participating, speaking and voting at the EGM should he/she subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Wednesday, 9 July 2025 at 10.00 a.m.
Date and time for the EGM	:	Friday, 11 July 2025 at 10.00 a.m. or at any adjournment thereof

This Circular is dated 26 June 2025

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

Act	:	Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
Announcement LPD	:	10 April 2025, being the latest practicable date prior to the date of the announcement of the Proposed Disposal
Audited Value	:	The value of net assets of SMSB as concluded and agreed by Scope and Luxshare in accordance to the Completion Audit Report or if Scope raises any objection to the Completion Audit Report, the decision of the third party accounting firm jointly appointed by Scope and Luxshare to arbitrate and resolve the disagreement in regard to the Completion Audit Report
Board	:	The Board of Directors of Scope
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to shareholders dated 26 June 2025 in relation to the Proposed Disposal
Completion Audit	:	Completion audit to be conducted on SMSB by an accounting firm to be appointed by Luxshare on the Completion Date or at the latest, within 7 business days from the Completion Date
Completion Audit Report	:	A report in relation to the Completion Audit which shall be issued by the accounting firm appointed by Luxshare within 30 calendar days from the Completion Date and be shared to Scope within 35 calendar days from the Completion Date
Completion Date	:	1 July 2025 if the Unconditional Date falls on or before 1 July 2025; or if the Unconditional Date falls after 1 July 2025, - the date falling 10 business days after the Unconditional Date; or - such other later date after the Unconditional Date as the Company and Luxshare may mutually agree in writing from time to time
Conditions Precedent	:	Conditions precedent of the SAA, which has been set out in Section 2 of **Appendix I** of this Circular
Cut-Off Date	:	The date falling 3 months from the date of the SAA (with an automatic extension of another 3 months) or such other later date as the Company and Luxshare may mutually agree in writing from time to time for the purposes of the fulfilment of the Conditions Precedent in accordance with the SAA
Disposal Consideration	:	Total consideration of RM96,700,000 in relation to the Proposed Disposal, to be settled entirely via cash
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per share
EV	:	Enterprise value

EV/EBITDA	:	EV to EBITDA
First Tranche	:	RM9,670,000 in cash paid by Luxshare to Scope upon the execution of the SAA on 15 April 2025
FPE	:	Financial period ended / ending, as the case may be
FYE	:	Financial year ended / ending, as the case may be
GN	:	Guidance Notes issued by Bursa Securities
IAC	:	Inventec Appliances Corp., a 7.3% substantial shareholder of Scope as at LPD
Initial Book Value	:	The net assets of SMSB of approximately RM63.0 million (derived based on the unaudited net assets of SMSB of approximately RM16.3 million and assuming capitalisation of amount due to Scope of approximately RM46.7 million as at 31 January 2025)
LAT	:	Loss after tax
Laurelcap or the **Valuer**	:	Laurelcap Sdn. Bhd., being the independent valuer for the Properties
LBT	:	Loss before tax
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	23 June 2025, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per share
Luxshare or the **Purchaser**	:	Luxshare Precision Singapore Pte. Ltd., the purchaser of the Sale Shares pursuant to the Proposed Disposal
Luxshare Precision Industry	:	Luxshare Precision Industry Co., Limited
Malacca Securities	:	Malacca Securities Sdn. Bhd., being the Principal Adviser for the Proposed Disposal
Manufacturing Business	:	The manufacturing division of Scope which comprises the manufacturing and assembling of electrical and electronic components and products
NA	:	Net assets
P/B	:	Price-to-book
PAT	:	Profit after tax
PBT	:	Profit before tax
PRC	:	People's Republic of China
Premium	:	The agreed premium of SMSB of RM33.7 million after taking into consideration the industrial land and the fixtures and factory buildings erected thereon of SMSB

Properties	:	Collectively, Property 1, Property 2, Property 3 and Property 4
Property 1	:	A parcel of leasehold industrial land held under title no. PN 343874, Lot No. 11456 (formerly known as HSD 8228, Lot No. PT 4149), Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 65,327 square feet with a double storey detached factory cum double storey office
Property 2	:	A parcel of leasehold industrial land held under the title of PN 160477, Lot No. 10123 (formerly known as HSD 2841, Lot No. PT 1803), Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 87,145 square feet with a single storey detached factory cum double storey office
Property 3	:	A parcel of leasehold industrial land held under the title of PN 343873, Lot No. 11455, Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 108,942 square feet with a double storey detached factory
Property 4	:	A parcel of leasehold industrial land held under the title of PN 160492, Lot No. 10124, Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 87,145 square feet with a single storey detached factory cum office
Proposed Disposal	:	Proposed disposal of the entire equity interest in SMSB for the Disposal Consideration, subject to the terms of the SAA
RM and **sen**	:	Ringgit Malaysia and sen
RMB	:	Renminbi
RPGT	:	Real property gains tax
SAA	:	The conditional share acquisition agreement dated 15 April 2025 entered into between Scope and Luxshare in relation to the Proposed Disposal
Sale Shares	:	Ordinary shares in SMSB (including any new ordinary shares to be issued pursuant to the capitalisation of intragroup loan)
Scope or the **Company** or the **Vendor**	:	Scope Industries Berhad
Scope Group or the **Group**	:	Collectively, Scope and its subsidiaries
Scope Shares or **Shares**	:	Ordinary shares in Scope
Second Tranche	:	RM77,580,000 in cash to be paid by Luxshare to the Company's solicitors on the Completion Date, as stakeholder to hold and deal in accordance to the SAA
SMSB	:	Scope Manufacturers (M) Sdn. Bhd., a wholly-owned subsidiary of the Company
Special Interim Dividend	:	Proposed special interim dividend of up to RM23.1 million, representing RM0.02 per Share to be declared and paid to the shareholders of Scope whose names appear in the Company's Record of Depositors on an entitlement date to be determined later, subject to the completion of the Proposed Disposal

Third Tranche	:	RM9,450,000 in cash to be paid by Luxshare to Luxshare's solicitors on the Completion Date or at the latest within 1 business day from the Completion Date, as stakeholder to hold and deal in accordance to the SAA
Unconditional Date	:	The date not later than the Cut-Off Date, on which the last of the Conditions Precedent are fulfilled or waived by the Company and Luxshare, based on the rights to waive accorded to the Company/Luxshare in the SAA and to the extent as permissible under the applicable laws
USD	:	United States Dollar
Valuation Certificate	:	Valuation certificate dated 4 April 2025 in relation to the Properties prepared by the Valuer
Valuation Letter	:	Valuation letter dated 4 April 2025 in relation to the Properties prepared by the Valuer

Any reference to "we", "us", "our" and "ourselves" are to the Company, and where the context otherwise requires, our subsidiaries. All references to "you" are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

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

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

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LETTER FROM THE BOARD TO THE SHAREHOLDERS OF SCOPE IN RELATION TO THE PROPOSED DISPOSAL

APPENDICES

This Executive Summary highlights only the salient information of the Proposed Disposal. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Disposal before voting at the Company's forthcoming EGM.

Key information	Description
Proposed Disposal Section 2 of this Circular	The Proposed Disposal entails the disposal by Scope of 3,220,000 Sale Shares (including any new ordinary shares to be issued pursuant to the capitalisation of intragroup loan), representing the entire equity interest of SMSB to Luxshare for the Disposal Consideration of RM96.7 million, which shall be settled entirely in cash, subject to the terms and conditions of the SAA. The Proposed Disposal represents the divestment of Scope's entire Manufacturing Business. Upon completion of the Proposed Disposal, SMSB will cease to be a subsidiary of the Company and accordingly, the Company will cease its Manufacturing Business. For avoidance of doubt, the Company will still be involved in the trading business and plantation business.
Basis and justification in arriving at the Disposal Consideration Section 2.3 of this Circular	The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:- (i) the aggregate market value of the Properties of RM68.4 million as ascribed by Laurelcap vide the Valuation Letter; (ii) SMSB's adjusted NA of RM94.7 million as at 30 June 2024 and adjusted NA of RM90.0 million as at 31 December 2024 after taking into consideration the revaluation surplus (net of deferred taxes) arising from the valuation of the Properties; (iii) the Proposed Disposal constitutes a disposal of the entire Manufacturing Business to Luxshare. Accordingly, Scope and Luxshare have negotiated the Disposal Consideration after taking into consideration of SMSB's existing manufacturing infrastructure and employees; and (iv) the rationale and benefits of the Proposed Disposal as detailed in Section 4 of this Circular.
Utilisation of proceeds Section 3 of this Circular	The Company intends to utilise the proceeds from the Proposed Disposal of RM96.7 million in the following manner:-

Utilisation	Timeframe for utilisation	RM'000
Distribution of Special Interim Dividend	Within 1 month	23,095
Plantation business of the Group	Within 36 months	50,000
General working capital	Within 24 months	21,005
Estimated expenses for the Proposed Disposal	Within 3 months	2,600
		96,700

Key information	Description
Rationale and benefits of the Proposed Disposal Section 4 of this Circular	The Proposed Disposal represents an opportunity for the Group to divest and unlock the value of its Manufacturing Business. The Group is expected to record a gain on disposal of approximately RM24.2 million from the Proposed Disposal which is expected to improve the NA and earnings of the Group. The RM96.7 million proceeds from the Proposed Disposal will also enable the Group to procure funds for, amongst others, the expansion of the Group's plantation business, working capital purposes as well as pay a Special Interim Dividend to its shareholders. The Special Interim Dividend serves to reward the shareholders of Scope for their continuing support towards the Company.
Risk factors Section 6 of this Circular	The Proposed Disposal will result in the Group being subject to certain transaction risks, including amongst others, completion risk that the Proposed Disposal may not be completed if any of the Conditions Precedent is not fulfilled or waived within the stipulated timeframe, risk of downward adjustment of the Disposal Consideration upon the completion of the Completion Audit, risk relating to loss of potential higher value of SMSB and potential future appreciation in the value of the Properties as well as loss of potential income from SMSB.
Effects of the Proposed Disposal Section 7 of this Circular	The effects of the Proposed Disposal are as follows:- (i) the Proposed Disposal will not have any effect on the issued share capital of the Company and substantial shareholders' shareholdings in the Company as the Disposal Consideration will be fully satisfied in cash and does not involve any issuance of new Scope Shares; (ii) the Proposed Disposal will increase the Group's NA for the FYE 30 June 2024 by RM24.2 million to RM186.3 million; and (iii) the Group's LAT attributable to the owners of the Company will decrease from RM36.5 million to a proforma LAT of RM10.7 million upon completion of the Proposed Disposal, after taking into consideration of the reversal of LAT of SMSB from the Group's financial statement and estimated gain on disposal (inclusive of the estimated expenses in relation to the Proposed Disposal) based on the audited LAT attributable to the owners of the Company for the FYE 30 June 2024.
Approvals required and conditionality Section 8 of this Circular	The Proposed Disposal is subject to the following approvals being obtained:- (i) the approval of the shareholders of the Company for the Proposed Disposal at the Company's forthcoming EGM; and (ii) the approval of any other relevant authorities and/or parties, if any. The Special Interim Dividend is conditional upon the Proposed Disposal. The Proposed Disposal is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Scope.

Key information	Description
Interests of directors, major shareholders and/or persons connected Section 11 of this Circular	None of the Directors, chief executive, major shareholders of the Company and/or any persons connected with them have any direct or indirect interest in relation to the Proposed Disposal.
Directors' statement and recommendation Section 12 of this Circular	The Board having considered and deliberated on all aspects of the Proposed Disposal, including but not limited to the rationale and benefits, the proposed utilisation of proceeds from the Proposed Disposal, and the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company. Accordingly, the Board recommends that the shareholders of Scope vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

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SCOPE INDUSTRIES BERHAD
[Registration No.: 200201023713 (591376-D)]
(Incorporated in Malaysia)

Registered Office:
Suite 16.06, MWE Plaza
No. 8 Lebuh Farquhar
10200 George Town
Pulau Pinang
Malaysia

26 June 2025

Board of Directors:

Lee Min Huat *(Executive Chairman)*
Lim Chiow Hoo *(Managing Director)*
Ong Lai Choon *(Executive Director)*
Law Kim Fatt *(Independent Non-Executive Director)*
Ang Kai Sing *(Independent Non-Executive Director)*
Lim Ee Tatt *(Non-Independent Non-Executive Director)*

To: The shareholders of Scope

Dear Sir/Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 15 April 2025, Malacca Securities had on behalf of the Board, announced that the Company (as the Vendor) had on even date entered into the SAA with Luxshare for the proposed disposal of the entire equity interest held by Scope in SMSB to Luxshare for the Disposal Consideration of RM96,700,000, subject to the terms and conditions of the SAA.

Further details on the Proposed Disposal are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE COMPANY'S SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE RESOLUTION ON THE PROPOSED DISPOSAL TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

2. PROPOSED DISPOSAL

The Proposed Disposal entails the disposal by Scope of 3,220,000 Sale Shares (including any new ordinary shares to be issued pursuant to the capitalisation of intragroup loan), representing its entire equity interest in SMSB, to Luxshare for the Disposal Consideration of RM96.7 million, subject to the terms and conditions of the SAA.

The Disposal Consideration shall be paid in the following manner:

Payment terms	Timing	(A) Initial Book Value	(B) Premium	(C) = (A) + (B) Total
		RM'000	RM'000	RM'000
First Tranche	Paid by Luxshare to Scope upon the execution of the SAA on 15 April 2025	6,300	3,370	[(a)]9,670
Second Tranche	Payable by Luxshare to the Company's solicitors on the Completion Date, as stakeholder to hold and deal with the Second Tranche in accordance to the SAA	47,250	30,330	[(b)]77,580
Third Tranche	Payable by Luxshare to Luxshare's solicitors on the Completion Date or at the latest within 1 business day from the Completion Date, as stakeholder to hold and deal with the Third Tranche in accordance to the SAA	9,450	-	[(c)]9,450
		63,000	**33,700**	**96,700**

Notes:-

(a) The First Tranche of RM9.7 million is derived based on the calculation below:-

First Tranche = (10% of Initial Book Value) + (10% of Premium)
= (10% x RM63.0 million) + (10% x RM33.7 million)
= RM6.3 million + RM3.4 million
= RM9.7 million

For information, the Initial Book Value of RM63.0 million was derived based on the unaudited net assets of SMSB of approximately RM16.3 million and assuming capitalisation of approximately RM46.7 million due to Scope as at 31 January 2025. The agreed Premium of SMSB of RM33.7 million was determined after taking into consideration SMSB's industrial land, fixtures and factory buildings erected thereon.

(b) The Second Tranche of RM77.6 million is derived based on the calculation below:-

Second Tranche = (75% of Initial Book Value) + (90% of Premium)
= (75% x RM63.0 million) + (90% x RM33.7 million)
= RM47.3 million + RM30.3 million
= RM77.6 million

The Company's solicitors shall be entitled to release the Second Tranche, together with all interest accrued thereon to the Company upon the cancellation of the old share certificates previously issued by SMSB to Scope, if any, and the receipt by Luxshare of the new share certificate in regard to the Sale Shares in the name of Luxshare in regards to SMSB and successful registration of Luxshare as the new shareholder of SMSB by the company secretary of the SMSB in the register of members of SMSB.

The interest shall be computed from the date of receipt of the Second Tranche by the Company's solicitors in an interest-bearing account maintained with a licensed financial institution until the date when the Second Tranche is released to the Company, based on the prevailing rate offered by the said licensed financial institution during the period.

(c) The Third Tranche of RM9.5 million is derived based on the calculation below:-

Third Tranche	=	15% of Initial Book Value
	=	(15% x RM63.0 million)
	=	RM9.5 million

On the Completion Date or at the latest, within 7 business days from the Completion Date, Luxshare shall appoint an accounting firm to conduct the Completion Audit.

In the event that the Completion Audit Report, or if Scope raises any objection to the Completion Audit Report in accordance with the SAA, the decision of the third party accounting firm jointly appointed by Scope and Luxshare to arbitrate and resolve the disagreement in regard to the Completion Audit Report in accordance with the SAA, leads to a conclusion that the Audited Value is:

(aa) lower than the Initial Book Value, then Luxshare's solicitors shall be entitled to deduct the amount representing the Initial Book Value minus the Audited Value, prior to release the Third Tranche to Scope in accordance with the SAA;

(bb) higher than the Initial Book Value, then Luxshare shall pay an additional amount (in addition to the Disposal Consideration) representing Audited Value minus the Initial Book Value, to the Vendor directly.

In any event a notice of termination be given by the Company or Luxshare and if Luxshare elects not to pursue with the remedies in accordance to the SAA, the Disposal Consideration shall be refunded to Luxshare in accordance to the SAA.

The Sale Shares to be acquired by Luxshare shall be free from all interest or equity of any person, mortgages, charges, pledges, liens, and encumbrances and with full legal and beneficial title and all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of completion of the Proposed Disposal.

The Proposed Disposal represents the divestment of Scope's entire Manufacturing Business.

Upon completion of the Proposed Disposal, SMSB will cease to be a subsidiary of the Company and accordingly, the Company will cease its Manufacturing Business. For avoidance of doubt, the Company will still be involved in the trading business and plantation business.

Pursuant to the SAA, it is agreed that the Proposed Disposal shall constitute the sale and purchase of the entire business assets of the SMSB which includes amongst others, its existing employees and assets.

The salient terms of the SAA are set out in **Appendix I** of this Circular.

2.1 Information on the Purchaser

Luxshare was incorporated in Singapore on 25 February 2022 as a private company limited by shares under the Singapore Companies Act 1967 with its registered office located at 2 Venture Drive, #06-19 Vision Exchange, Singapore 608526.

As at LPD, Luxshare is principally involved in the research and experimental development of electronics (except medical science) and wholesale trade of variety of goods without a dominant product.

As at LPD, the directors of Luxshare are Li Jing, Cheng Chee How and Han Chao Jung. For information, none of the directors hold any share either directly or indirectly in Luxshare as at LPD.

As at LPD, Luxshare has an issued share capital of USD90,700,000 comprising 90,700,000 ordinary shares and the substantial shareholders and their shareholdings in Luxshare as at LPD are as follows:-

			Effective shareholdings as at LPD			
		Nationality /	Direct		Indirect	
Name	Designation	Country of incorporation	No. of shares	%	No. of shares	%
Luxshare Precision Limited	Shareholder	Hong Kong	90,700,000	100.0	-	-
Luxshare Precision Industry	-	PRC	-	-	(a)90,700,000	100.0
Luxshare Limited	-	Hong Kong	-	-	(b)34,193,900	37.7
Wang Laichun	-	Hong Kong	-	-	(c)17,096,950	18.9
Wang Laisheng	-	Hong Kong	-	-	(d)17,278,350	19.1

Notes:-

(a) Luxshare is a wholly-owned subsidiary of Luxshare Precision Limited, which is in turn the wholly-owned subsidiary of Luxshare Precision Industry.

(b) Indirect shareholdings in Luxshare computed via its 37.7% direct shareholdings in Luxshare Precision Industry.

(c) Indirect shareholdings in Luxshare computed via her 50.0% direct shareholdings in Luxshare Limited.

(d) Indirect shareholdings in Luxshare computed via his 50.0% direct shareholdings in Luxshare Limited and 0.2% direct shareholdings in Luxshare Precision Industry.

Further details on Luxshare Precision Limited and Luxshare Precision Industry are set out in Section 2.1.1 and Section 2.1.2 below, respectively.

2.1.1. Information on Luxshare Precision Limited

Luxshare Precision Limited was incorporated in Hong Kong on 5 May 2011 as a private company limited by shares under the Hong Kong Company Ordinance with its registered office at Room 1621, 16th floor, Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

As at LPD, Luxshare Precision Limited is principally involved in trading and investment holding.

As at LPD, Wang Laichun is the sole director of Luxshare Precision Limited.

As at LPD, Luxshare has an issued share capital of USD5,000,000 comprising 5,000,000 ordinary shares. Luxshare Precision Limited is a wholly-owned subsidiary of Luxshare Precision Industry.

Further details on Luxshare Precision Industry are set out in Section 2.1.2 below.

2.1.2. Information on Luxshare Precision Industry

Luxshare Precision Industry was incorporated in the PRC on 24 May 2004 under the laws of PRC and listed on the Shenzhen Stock Exchange since 15 September 2010 with its registered office located at 2/F, Block A, Sanyang New Industrial Zone, West Haoyi, Shajing Street, Baoan District, Shenzhen, PRC.

As at LPD, Luxshare Precision Industry is principally involved in production and operation of connecting wires, connectors, computer peripherals, and plastic hardware products.

As at LPD, the directors of Luxshare Precision Industry are Wang Laichun, Wang Laisheng, Hao Jie, Qian Jiwen, Hou Lingling, Liu Zhonghua and Song Yuhong.

As at LPD, Luxshare Precision Industry has an issued share capital of RMB7,247,395,805 comprising 7,247,395,805 ordinary shares and the substantial shareholders of Luxshare Precision Industry and their shareholdings in Luxshare Precision Industry are as follows:

		Effective shareholdings as at LPD			
		Direct		Indirect	
Name	**Country of incorporation / Nationality**	**No. of ordinary shares**	**%**	**No. of ordinary shares**	**%**
Luxshare Limited	Hong Kong	2,731,537,636	37.7	-	-
Hong Kong Central Clearing Company Limited	Hong Kong	456,995,088	6.3	-	-
Wang Laichun	Hong Kong	-	-	[(a)]1,365,768,818	18.9
Wang Laisheng	Hong Kong	15,439,647	0.2	[(a)]1,365,768,818	18.9

(Source:- Quarterly report and announcements of Luxshare Precision Industry on the Shenzhen Stock Exchange up to LPD)

Note:-

(a) Indirect shareholdings in Luxshare Precision Industry computed via his/her 50.0% direct shareholdings in Luxshare Limited.

For information, based on Luxshare Precision Industry's group of companies audited annual report for FYE 31 December 2024 issued in April 2025, the group recorded revenue of RMB268.8 billion (equivalent to approximately RM160.3 billion*), net profit of RMB14.6 billion (equivalent to approximately RM8.7 billion*) and has net assets of RMB84.7 billion (equivalent to approximately RM50.5 billion*).

(Source:- Annual report of Luxshare Precision Industry for FYE 31 December 2024)

Note:-

* Based on exchange rate of RMB1 = RM0.5965 as at LPD *(Source: Bank Negara Malaysia)*

2.2 Information on SMSB

SMSB was incorporated in Malaysia on 20 November 1991 as a private limited company under the Companies Act 1965 and deemed registered under the Act with its registered office at Suite 16.06, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, Malaysia.

SMSB commenced its business since November 1991 and is principally involved in the manufacturing and assembling of electrical and electronics components and products such as printed circuit board and complete box-build.

As at LPD, SMSB is a wholly-owned subsidiary of Scope and has an issued share capital of RM4,520,000 comprising 3,220,000 ordinary shares.

As at LPD, the directors of SMSB are Lee Min Huat, Tan Eng Siang and Lim Chiow Hoo.

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

As at LPD, SMSB owns 4 factories located along 4 contiguous parcels of land which are being utilised for the Manufacturing Business as follows:

(i) a parcel of leasehold industrial land held under title no. PN 343874, Lot No. 11456 (formerly known as HSD 8228, Lot No. PT 4149), Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 65,327 square feet with a double storey detached factory cum double storey office, i.e. Property 1;

(ii) a parcel of leasehold industrial land held under the title of PN 160477, Lot No. 10123 (formerly known as HSD 2841, Lot No. PT 1803), Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 87,145 square feet with a single storey detached factory cum double storey office, i.e. Property 2;

(iii) a parcel of leasehold industrial land held under the title of PN 343873, Lot No. 11455, Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 108,942 square feet with a double storey detached factory, i.e. Property 3; and

(iv) a parcel of leasehold industrial land held under the title of PN 160492, Lot No. 10124, Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia measuring 87,145 square feet with a single storey detached factory cum office, i.e. Property 4.

Further details on the information on SMSB (including the Properties) are set out in **Appendix II** of this Circular.

2.3 Basis and justification in arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

(i) the aggregate market value of the Properties of RM68.4 million as ascribed by Laurelcap, being the independent Valuer for the Properties, vide the Valuation Letter. The breakdown of the market value of the Properties are as follows:

	RM’000
Property 1	12,800
Property 2	10,100
Property 3	41,400
Property 4	4,100
	68,400

In arriving at the market value of the Properties, the Valuer has adopted the Cost Approach and Income Approach by way of “Investment Method”.

The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost involves the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer’s profit.

The Valuer had also adopted the Income Approach by way of “Investment Method” as a secondary approach to value the Properties. In the Income Approach by way of “Investment Method”, the market value is derived from an estimate of the market rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalized at an appropriate current market yield to arrive at its indicative market value.

The Valuer had adopted the Cost Approach as the primary approach of valuation to determine the market value of the Properties. The Valuer is of the view that the Cost Approach is the most suitable as it is a reflection of the brick-and-mortar value and the Properties are purpose built for a specific industry.

The Income Approach by way of "Investment Method" is only suitable to serve as a secondary approach (cross check) due to the dearth of actual data of rental or lease of factory in Parit Buntar as most of the industrial properties in the surrounding area are mostly owner occupied and the low unexpired term of the lease would serve as a deterrent to investors due to the uncertainties when the lease expires. As such, the information available may skew or cause inaccuracy in deriving the market value of the Properties thus the Valuer have adopted the value derived using the Cost Approach.

Further details on the Properties are set out in the Valuation Certificate as appended in **Appendix IV** of this Circular;

(ii) the audited NA as at 30 June 2024 and unaudited NA as at 31 December 2024 of SMSB after taking into consideration the revaluation surplus (net of deferred taxes) arising from the valuation of the Properties.

The adjusted NA of SMSB as at 30 June 2024 is as follows:-

	SMSB	
	RM'000	**RM'000**
Audited NA of SMSB as at 30 June 2024		18,281
Add: Revaluation surplus		
Market value of the Properties[(a)]	68,400	
Less: Audited net book value of the Properties	(39,846)	
		28,554
Less: Deferred tax liabilities[(b)]		(3,747)
Add: Capitalisation of amount due to Scope[(c)]		51,619
Adjusted NA as at 30 June 2024		**94,707**

The adjusted NA of SMSB as at 31 December 2024 is as follows:-

	SMSB	
	RM'000	**RM'000**
Unaudited NA of SMSB as at 31 December 2024		16,953
Add: Revaluation surplus		
Market value of the Properties[(a)]	68,400	
Less: Unaudited net book value of the Properties	(38,066)	
		30,334
Less: Deferred tax liabilities[(b)]		(3,975)
Add: Capitalisation of amount due to Scope[(d)]		46,719
Adjusted NA as at 31 December 2024		**90,031**

Notes:-

(a) As ascribed by the Valuer vide the Valuation Letter.

(b) Deferred tax liabilities on the Properties are computed based on the RPGT in accordance with the Real Property Gains Tax Act 1976, where RPGT will be imposed when a company disposes its property assets depending on the date of acquisition as follows:-

Date of disposal	RPGT rates (%)
Disposal within 2 years after date of acquisition	30
Disposal within the 3rd year after date of acquisition	30
Disposal within the 4th year after date of acquisition	20
Disposal within the 5th year after date of acquisition	15
Disposal within the 6th year after date of acquisition or thereafter	10

(c) As at 30 June 2024, the amount due by SMSB to Scope stood at RM51.6 million. Pursuant to the SAA, all the intragroup balance shall be capitalised as equity prior to the completion of the Proposed Disposal.

For information, the amount due by SMSB to Scope has accumulated since 2002, the amount was mainly utilised for the expansion of the Manufacturing Business and the Properties.

The said amount is non-trade related, unsecured, non-interest bearing and shall be capitalised as equity prior to the completion of the Proposed Disposal in accordance to the SAA.

For information, whilst the amount due by SMSB to Scope is non-interest bearing, there will be an unwinding of interest (non-cash flow item) charged to SMSB's profit or loss in accordance with the accounting standards based on the expected timing of repayment.

(d) As at 31 December 2024, the amount due by SMSB to Scope stood at RM46.7 million. Pursuant to the SAA, all the intragroup balance shall be capitalised as equity prior to the completion of the Proposed Disposal;

(iii) the Proposed Disposal constitutes a disposal of the entire Manufacturing Business to Luxshare. Accordingly, Scope and Luxshare have negotiated the Disposal Consideration after taking into consideration SMSB's manufacturing infrastructure and employees; and

(iv) the rationale and benefits of the Proposed Disposal as detailed in Section 4 of this Circular.

The Disposal Consideration represents the following P/B multiples and EV/EBITDA multiples of SMSB:-

- a P/B multiple of approximately 1.0 time (RM96.7 million / RM94.7 million) based on the adjusted NA of SMSB as at 30 June 2024;

- a P/B multiple approximately 1.1 times (RM96.7 million / RM90.0 million) based on the adjusted NA of SMSB as at 31 December 2024;

- an EV/EBITDA multiple of approximately 14.8 times (RM96.6 million / RM6.5 million) based on the adjusted EBITDA of SMSB for the FYE 30 June 2024; and

- an EV/EBITDA multiple of approximately 18.1 times (RM95.3 million / RM5.3 million) based on the adjusted trailing 12-month EBITDA of SMSB up to 31 December 2024.

The Company had compared the represented P/B and EV/EBITDA multiples of the Disposal Consideration against the range of P/B and EV/EBITDA multiples of the selected comparable companies ("**Comparable Companies**") listed on Bursa Securities.

It should be noted that the Comparable Companies are by no means exhaustive and may differ from SMSB in terms of, amongst others, the composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, prospects, capital structure, marketability of their securities and other criteria. However, the list of Comparable Companies was mainly selected as their principal activities are broadly similar to SMSB by virtue of their involvement in the Manufacturing Business or similar business.

The Comparable Companies have been selected based on the following parameters:-

(i) public listed companies in Malaysia with market capitalisation of up to RM300 million; and

(ii) principally involved in the manufacturing and/or assembly of electrical and electronic components and products.

The multiples of the Comparable Companies are set out as follows:-

Comparable Companies	Principal activities	Closing price as at Announcement LPD	[(a)]Market capitalisation	[(b)]Book value per share	[(c)]P/B multiple	[(d)]EV	[(e)]EBITDA	[(f)]EV/ EBITDA
		RM	RM'million	RM	times	RM'million	RM'million	times
Cape EMS Berhad	Cape EMS Berhad and its subsidiaries are principally involved in electronics manufacturing services for consumer and industrial electronics products. It is also involved in aluminium die casting and the supply of electronic products.	0.225	223.2	0.438	0.5	348.8	43.5	8.0
Betamek Berhad	Betamek Berhad and its subsidiaries are principally involved in the provision of electronics manufacturing services from design, development, and manufacturing to marketing of electronic products and components for the automation and consumer markets.	0.380	171.0	0.330	1.2	120.0	28.0	4.3
Luster Industries Bhd	Luster Industries Bhd and its subsidiaries are principally involved in the manufacturing of precision plastic parts and components, sub-assembly of plastic parts and products, original equipment manufacturer for hygiene and pests control products, and precision engineering work and die-casting components. It is also involved in property and construction, glove and healthcare as well as gaming and leisure.	0.050	149.7	0.095	0.5	149.5	14.6	10.2

Comparable Companies	Principal activities	Closing price as at Announcement LPD	[a]Market capitalisation	[b]Book value per share	[c]P/B multiple	[d]EV	[e]EBITDA	[f]EV/ EBITDA
		RM	RM'million	RM	times	RM'million	RM'million	times
Salutica Berhad	Salutica Berhad and its subsidiary are principally involved in product design, development, and manufacturing of mobile communication products, wireless electronics, embedded computing devices and lifestyle devices.	0.190	80.5	0.140	1.4	60.6	*-	*-
			High		**1.4**			**10.2**
			Low		**0.5**			**4.3**
SMSB (based on the adjusted NA as at 30 June 2024)				**29.4**	**1.0**	**96.6**	**6.5**	**14.8**
SMSB (based on the adjusted NA as at 31 December 2024)				**28.0**	**1.1**	**95.3**	**5.3**	**18.1**

(Source: Bloomberg, latest annual report and quarterly results available for the Comparable Companies up to Announcement LPD)

Notes:-

* Not applicable in view that Salutica Berhad had registered a loss before interest, tax, depreciation and amortisation.

(a) Computed based on the closing share price of the Comparable Companies as at Announcement LPD (extracted from Bloomberg) multiplied by the respective number of outstanding ordinary shares as at Announcement LPD.

(b) Computed based on the latest available audited or unaudited net asset value of the Comparable Companies (whichever is available as at the Announcement LPD) divided by the respective number of outstanding ordinary shares as at Announcement LPD.

(c) Computed based on the closing share price of the Comparable Companies as at Announcement LPD divided by the book value per share of the respective companies as at Announcement LPD.

(d) Computed based on the formula of (market capitalisation as at Announcement LPD – cash and cash equivalents + debt + non-controlling interest) of the respective companies, based on the latest available audited or unaudited financial statements of the Comparable Companies (whichever is available as at the Announcement LPD).

(e) Computed based on the formula (trailing 12-month profit before tax – finance income + finance costs + depreciation + amortisation) of the respective companies, based on the latest available audited or unaudited financial statements of the Comparable Companies (whichever is available as at the Announcement LPD).

For information, the trailing 12-month profit before tax of the Comparable Companies had been adjusted for one-off items which includes impairment loss on property, plant and equipment ("**PPE**"), gain on disposal of PPE, loss on disposal, fair value gain on other investments, gain on bargain purchase of subsidiary, one-off write down of slow-moving inventories and allowance for expected credit losses.

(f) Computed based on the EV of the respective companies as at Announcement LPD over the trailing 12-month EBITDA of the respective companies.

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The Board is of the view that the Disposal Consideration is reasonable based on the following:-

(i) P/B multiple

- based on the adjusted NA of SMSB as at 30 June 2024, the P/B multiple as represented by the Disposal Consideration of 1.0 time is within the range of the P/B multiples of the Comparable Companies of 0.5 times to 1.4 times;

- based on the adjusted NA of SMSB as at 31 December 2024, a P/B multiple as represented by the Disposal Consideration of 1.1 times is within the range of the P/B multiples of the Comparable Companies of 0.5 times to 1.4 times;

(ii) EV/EBITDA multiple

- based on the EV as represented by the Disposal Consideration and adjusted EBITDA of SMSB for the FYE 30 June 2024, the EV/EBITDA multiple of 14.8 times is above the range of the EV/EBITDA multiples of the Comparable Companies of 4.3 times to 10.2 times;

- based on the EV as represented by the Disposal Consideration and adjusted 12-month trailing EBITDA of SMSB up to 31 December 2024, the EV/EBITDA multiple of 18.1 times is above the range of the EV/EBITDA multiples of the Comparable Companies of 4.3 times to 10.2 times;

(iii) NA

- Disposal Consideration represents a premium of approximately RM2.0 million or 2.1% over the adjusted NA of SMSB as at 30 June 2024 and RM6.7 million or 7.4% over the adjusted NA of SMSB as at 31 December 2024; and

(iv) Gain on disposal

- the Proposed Disposal is expected to result in a pro forma net gain of approximately RM24.2 million upon completion of the Proposed Disposal as detailed in Note (a) of Section 7.3 of this Circular.

2.4 Liabilities to remain with the Group

Save as disclosed below, there are no liabilities, including contingent liabilities in relation to the Proposed Disposal which will remain with the Group and/or guarantees given by the Group to the Purchaser or SMSB.

In accordance to the SAA, Scope shall submit a formal application to extend the leasehold tenure of the Properties by no less than 60 years from the date of the approval of the extension of tenure from the state authority of the State of Perak, Malaysia ("**Extension of Leasehold**") and use its best efforts to obtain the Extension of the Leasehold within 3 years from the Completion Date. For avoidance of doubt, Luxshare shall bear the premium payable to the state authority of the State of Perak, Malaysia for the Extension of Leasehold ("**Premium for Extension**") and Scope shall bear the cost of application and all other costs and expense related thereto other than the Premium for Extension.

In the event that the approval from the state of authority of Perak, Malaysia is not granted for the Extension of Leasehold in regard to any of the Properties, Luxshare can, in its sole discretion elect to either:

(i) discuss a viable alternative option with Scope to the satisfaction of Luxshare, which Scope shall facilitate on its best efforts basis, to ensure the continuity and operations of the business of SMSB; or

(ii) if the approval from the state of authority of Perak, Malaysia is not granted for Property 2 and Property 4, Luxshare can claim against Scope liquidated ascertained damages amounting RM2.6 million, which was derived based on the estimated premium to be paid for the extension of the lease period of the industrial leasehold land for a period of 60 years.

For information, both Property 2 and Property 4 have a 60 years leasehold interest expiring on 13 March 2039 (unexpired term of approximately 14 years as at LPD), while both Property 1 and Property 3 have a 60 years leasehold interest expiring on 16 February 2049 (unexpired term of approximately 24 years as at LPD).

2.5 Date and original cost of investment

The date and original cost of investment of Scope in SMSB is as follows:-

Company name	Date of investment	No. of ordinary shares	Investment amount
			RM
SMSB	11 August 2003	3,220,000	[(a)]18,587,882

Note:-

(a) In conjunction with the initial public offering of the Company in 2003, the Company acquired the entire issued share capital of SMSB from Lim Chiow Hoo, Tan Eng Siang, Lim Seng Chong, Datin Zaiton Bt. Abdullah and Lee Min Huat, comprising of 3,220,000 ordinary shares in SMSB for a total consideration of RM18,587,882, which was satisfied entirely via the issuance of 18,579,998 new Scope Shares ("**Acquisition**").

The consideration for the Acquisition was arrived at based on the adjusted audited net tangible assets of SMSB as at 30 June 2002, which was prior to the initial public offering of the Company.

2.6 Cash company or GN3 Company

The Proposed Disposal will not result in Scope becoming a GN3 company as defined under the Listing Requirements.

Pursuant to Rule 8.03 of the Listing Requirements, a listed corporation whose assets on a consolidated basis, consist of 70% or more of cash or short-term investments, or a combination of both ("**Cash Criterion**") shall be considered as a Cash Company.

For information, upon completion of the Proposed Disposal, the Board proposes to utilise up to RM23.1 million from the Disposal Consideration to declare and pay as a Special Interim Dividend to the shareholders of Scope (as detailed in Section 3 of this Circular).

For illustrative purposes, the proforma effect of the Proposed Disposal on the percentage of cash and cash equivalents over total assets of Scope as at 31 March 2025 is as follows:-

		(I)	(II)
	Unaudited as at 31 March 2025	**After the Proposed Disposal**	**After (I) and the distribution of Special Interim Dividend**
	RM'000	RM'000	RM'000
Cash and cash equivalents	31,890	31,890	31,890
Short term investment	265	265	265
	32,155	32,155	32,155
Less: Cash and cash equivalents of SMSB as at 31 March 2025	(537)	(537)	(537)
Add: Disposal Consideration	-	96,700	96,700
Less: Distribution of Special Interim Dividend	-	-	(23,095)
	31,618	**128,318**	**105,223**
Total assets	**182,322**	**214,966**	**191,871**
Percentage of cash and cash equivalents over total assets (%)	**17.3**	**59.7**	**54.8**

Depending on the Group's cash and short-term investment at the material time the Proposed Disposal is completed, the Group's cash and short-term investment may increase to above the 70% threshold when the proceeds are received, hence, potentially triggering the Cash Criterion. In such an event, the Group proposes to submit a waiver application to Bursa Securities to not be classified as a Cash Company pursuant to GN2 of the Listing Requirements. To facilitate this waiver, the Group proposes to distribute any excess cash to shareholders in the form of dividends such that the Group no longer triggers the Cash Criterion. Based on the above proforma effect, the Group is not expected to trigger the Cash Criterion upon completion of the Proposed Disposal.

A summary of the Group's revenue contribution from each business segment based on its audited consolidated financial statements for the FYE 30 June 2024 is as follows:-

	Audited FYE 30 June 2024	
	RM'000	%
Manufacturing Business	38,045	24.1
Plantation	10,758	6.8
Trading	109,016	69.1
Investment holding	9	*
	157,828	**100.0**

* Less than 0.1%.

Based on the above table, the Proposed Disposal is not a Major Disposal pursuant to Rule 10.02(e) of the Listing Requirements as the completion of Proposed Disposal will not result in the Group having an insignificant level of business or operations. Hence, Scope will not trigger the requirements as set out in Rule 8.03A under the Listing Requirements.

3. UTILISATION OF PROCEEDS

The Company intends to utilise the proceeds from the Proposed Disposal of RM96.7 million in the following manner:-

Utilisation	Notes	Estimated timeframe for utilisation from the full receipt of proceeds	RM'000
Distribution of Special Interim Dividend	(i)	Within 1 month	23,095
Plantation business of the Group	(ii)	Within 36 months	50,000
General working capital	(iii)	Within 24 months	21,005
Estimated expenses for the Proposed Disposal	(iv)	Within 3 months	2,600
			96,700

Notes:-

(i) Upon completion of the Proposed Disposal, the Board proposes to utilise up to RM23.1 million from the Disposal Consideration to declare and pay the Special Interim Dividend to the shareholders whose names appear in the Company's Record of Depositors on an entitlement date to be determined later.

As at LPD, the total number of ordinary shares issued by the Company is 1,154,774,059 shares. The Special Interim Dividend of RM23.1 million thus represents a dividend of approximately RM0.02 per Share. The Board will ensure the Company comply with Section 131 and Section 132 of the Act prior to the declaration of the Special Interim Dividend.

(ii) The Group intends to utilise up to RM50.0 million for the expansion of its plantation business in the following manner:-

	Percentage of utilisation	Amount
	%	RM'000
Expansion of plantation estate(s)[(a)]	62.0	31,000
New planting and replanting of oil palm[(b)]	38.0	19,000
	100.0	**50,000**

Notes:-

(a) The Group intends to expand its plantation estate(s) via acquisition(s) of new land bank, plantation estates in the state of Sabah (near to its existing estates), Perak, Pahang and Johor, and/or exploring opportunities via acquisition(s) of company/business and/or joint ventures, which may include co-ownership of plantation estates and/or business of operating plantations, in order to grow its plantation business.

As at LPD, the management of Scope is exploring various opportunities and conducting feasibility studies by analyse the risk and rewards of each opportunity before recommending the opportunities. The decision to acquire in any new landbank(s) and/or invest in any new business(es)/joint venture(s) would involve having to consider, amongst others, development opportunities, potential value creation to the existing plantation business of the Group as well as the return on investment. The Company will make the necessary announcements and/or seek its shareholders' approval in accordance with the Listing Requirements as and when such plans materialise, when required.

In the event the Company is unable to identify any suitable land(s) and/or suitable and viable business(s)/joint venture(s) within the timeframe stipulated (or any extended timeframe, if applicable), the proceeds allocated for expansion of plantation estate(s) shall be utilised as general working capital of the Group as detailed in Note (iii) of Section 3 below, the exact breakdown of which cannot be determined at this juncture, and depends on the Group's operating requirements at material time. Should the Board wish to vary the utilisation of proceeds raised, the Company shall make the necessary announcements and/or seek the approval from its shareholders in accordance with Rule 8.24 of the Listing Requirements in the event of a material variation, if required.

(b) As at LPD, the Group has 2 oil palm estates located in Sabah, Malaysia with a total land area of 1,736 hectares, of which 87.7% or 1,523 hectares are planted.

The breakdown of the total planted and unplanted hectarage of the Group is set out below:-

	Hectares	Acres	%
Planted area			
3 years and below	81	200	4.7
4 - 7 years	-	-	-
8 - 19 years	725	1,792	41.7
Above 19 years	717	1,772	41.3
	1,523	**3,764**	**87.7**
Unplanted area	213	526	12.3
	1,736	**4,290**	**100.0**

The Group is planning to undertake new planting as well as replanting of its past prime oil palm trees (above 19 years) of approximately 717 hectares or 1,772 acres.

The replanting of oil palm trees which have reached maturity is required to ensure continuous long-term efficient production and sustainable yields. The new planting and replanting activity will include, amongst others, land clearance and preparation, planting, weeding and manuring.

The estimated timeframe for the new planting and replanting are as follows:-

	Estimated commencement date	Estimated timeframe from the full receipt of proceeds	Estimated completion date
New planting	[(a)] -	Within 36 months	[(b)] -
Replanting			
- Oil palm estate located at Segaliud-Lokan, Kinabatangan, Sabah	[(c)]1 July 2025	Within 36 months	[(d)]30 June 2028
- Oil palm estate located at Sungai Milian, Kinabatangan, Sabah	[(c)]1 July 2025	Within 36 months	[(d)]30 June 2028

Notes:-

(a) Subject to the completion of the Group's acquisition(s) of new land bank and/or plantation estates as detailed in Note (a), Note (ii) of Section 3 above, which cannot be determined at this juncture.

(b) Barring any unforeseen circumstances, the new planting is expected to be completed within 36 months from the full receipt of proceeds from the Proposed Disposal.

(c) Pursuant to the SAA, the Completion Date shall fall on 1 July 2025, the date falling 10 business days after the Unconditional Date or such other later date as mutually agreed by the Company and Luxshare, whichever is later. Accordingly, the replanting is expected to commence upon the completion of the Proposed Disposal.

(d) Barring any unforeseen circumstances, the replanting is expected to be completed within 36 months from the full receipt of proceeds from the Proposed Disposal.

For avoidance of doubt, the Company intends to carry out the new planting and replanting on a staggered basis over the estimated timeframe as set out above.

The estimated total cost for new planting and replanting is as follows:

Details of expenses	Estimated total cost	Source of funding
	RM'000	
Land clearance and preparation	3,800	Proceeds from the Proposed Disposal
Planting cost including amongst others, seedling, weeding, manuring, pest and disease control, pruning and sanitisation etc.	15,200	Proceeds from the Proposed Disposal
	19,000	

For information, the above cost of RM19.0 million is derived based on the estimated costs to be incurred for the new planting (which includes the unplanted area of approximately 527 acres) and replanting of the Group's past prime oil palm trees of approximately 1,772 acres over a period of 3 years.

Any deviation in the amount allocated for the expansion of plantation business will be adjusted to/from the amount allocated for the general working capital of the Group as stated in Note (iii) of Section 3 below.

(iii) The Group intends to allocate RM21.0 million from the Disposal Consideration to fund the Group's working capital requirement for its day-to-day operations as follows:-

	Percentage of utilisation	**Amount**
	%	RM'000
Staff costs which include staff salaries, Directors' remuneration and contribution to the Employees Provident Fund Board and the Social Security Organisation, and deductions to be paid to the Inland Revenue Board	70.0	14,703
General administrative expenses such as rental, utilities, office maintenance (i.e. repair and maintenance for office equipment and vehicles), maintenance of property, plant and equipment, printing costs, postages, marketing expenses and compliance expenses such as audit (internal & external), company secretarial and share registrar expenses, legal, listing and payment to corporate advisers	30.0	6,301
	100.0	**21,005**

The Group may alter the aforementioned allocation between staff costs and general administrative expenses depending on the Group's actual funding requirements at the material time.

(iv) The total estimated expenses in relation to the Proposed Disposal are as follows:-

Expenses	**Amount**
	RM'000
Professional fees for the Proposed Disposal[a]	450
Tax payable in relation to the Proposed Disposal[b]	1,934
Fees payable to the relevant authorities	30
Other incidental expenses in connection with the Proposed Disposal such as costs for printing and advertising, convening general meeting, and other ancillary expenses	186
	2,600

Notes:-

(a) Comprised estimated professional fees payable to the principal adviser, company secretary, valuer, share registrar and solicitors for the Proposed Disposal.

(b) Being the estimated capital gains tax payable based on 2% of the Disposal Consideration.

Any deviation in the amount allocated for the estimated expenses for the Proposed Disposal will be adjusted to/from the amount allocated for the general working capital of the Group as stated in Note (iii) of Section 3 above.

As detailed in Note (c) of Section 2 of this Circular, there could be a potential adjustment to the Third Tranche subsequent to the Completion Audit. In the event the proceeds from the Proposed Disposal are:-

(i) less than the Disposal Consideration, the proceeds will be utilised in the same proportion as disclosed in Section 3 above;

(ii) more than the Disposal Consideration, the excess shall be utilised for the Group's general working capital in the same proportion as disclosed in Note (iii) of Section 3 above.

Pending the utilisation of proceeds from the Disposal Consideration as set out above, the proceeds shall be placed in interest-bearing bank account, as deposits with licensed financial institution(s) and/or in short term money market instruments, as the Board deems fit. The Group proposes to utilise such interest/profits arising from the deposits/financial instruments to finance the Group's working capital as detailed in Note (iii) of Section 3 above, within 12 months from the date proceeds are received. The actual breakdown cannot be determined at this juncture as it will depend on, amongst others, the quantum of the interests/profits arising from the deposits/financial instruments as well as the working capital requirements of the Group at the relevant time.

GN2 impact on Scope

The Group has no intention of triggering the Cash Criterion under GN2. In the event the Group triggers the Cash Criterion as set out in Section 2.6 of this Circular, the Company proposes to distribute the excess cash to shareholders of the Company (in addition to the aforementioned portion earmarked for the Special Interim Dividend) such that the Group no longer triggers the Cash Criterion. The Group has earmarked proceeds for the Special Interim Dividend amounting to approximately RM23.1 million. Any additional proposed dividends have not been determined at this juncture as it will depend on the Group's cash and short-term investment at the material time the Proposed Disposal is completed.

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

Since its inception, the Scope Group has been principally involved in the Manufacturing Business, which is operated via SMSB. However, the business environment of the Group's Manufacturing Business has become increasingly challenging in light of stiffer competition amongst other local and foreign industry players as well as higher cost of production, which has led to margin pressures to the Group. As a result, the Group's Manufacturing Business had registered losses for the past 3 financial years and latest 9-month financial period as set out below:-

	Audited			Unaudited
	FYE 30 June 2022	**FYE 30 June 2023**	**FYE 30 June 2024**	**9-month FPE 31 March 2025**
	RM'000	RM'000	RM'000	RM'000
Revenue	36,247	41,380	38,045	22,997
Gross profit / (loss)	5,479	3,258	4,161	(1,141)
LAT	(204)	(1,660)	(1,642)	(4,052)

In view of the above and challenging prospects of the Group's Manufacturing Business moving forward, the Proposed Disposal represents an opportunity for the Group to divest and unlock the value of its Manufacturing Business. The Group is expected to record a gain on disposal of approximately RM24.2 million from the Proposed Disposal which is expected to improve the NA and earnings of the Group.

The RM96.7 million proceeds from the Proposed Disposal will also enable the Group to procure funds for, amongst others, the expansion of the Group's plantation business, working capital purposes as well as pay a Special Interim Dividend to its shareholders. The Special Interim Dividend serves to reward the shareholders of Scope for their continuing support towards the Company.

Upon completion of the Proposed Disposal, the Group will be able to redeploy its financial resources to focus on its plantation business.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

<u>Overview</u>

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending. This provided support to the current account, leading to a continued surplus of 1.7% of gross domestic product in 2024 (1.5% in 2023).

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

The Malaysian economy expanded by 4.4% in the first quarter of 2025 (4Q 2024: 4.9%), driven by the steady expansion in domestic demand. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower mining exports. This was partially offset by stronger electrical and electronics ("**E&E**") exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

On the supply side, growth was driven by the services and manufacturing sectors. Services sector was supported by higher Government services while strong E&E production underpinned the performance in the manufacturing sector. However, normalisation in motor vehicle sales and production following strong performances over the last three years affected the growth of services and manufacturing sectors respectively. Overall growth was also weighed down by a contraction in the mining sector amid lower oil and gas production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.7% (4Q 2024:- 0.2%).

Headline inflation moderated to 1.5% in the first quarter (4Q 2024: 1.8%). The moderation was largely due to lower utilities inflation at 3.0% (4Q 2024: 18.1%). This followed the dissipation of the effects of earlier water tariff adjustments and higher electricity charges for high-usage households in 1Q 2024. Inflation in mobile communication services continued to decline, averaging at -13.5% (4Q 2024:- 10%). Core inflation, however, edged higher to 1.9% (4Q 2024: 1.7%). It was driven mainly by rental inflation, which rose to 2.1% (4Q 2024: 1.7%). Inflation pervasiveness, measured by the share of Consumer Price Index items recording monthly price increases, experienced an uptick amid seasonal menu price adjustments. Nonetheless, it remained well below the long-term average for the first quarter (43.3%; 4Q 2024: 39.8%; 1Q 2011-2019: 52.2%).

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025, Bank Negara Malaysia)

<u>Outlook</u>

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative which is Government-linked Enterprises Activation and Reform Programme (GEAR-uP), will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

(Source: Economic Outlook 2025, Ministry of Finance of Malaysia)

The rapidly-evolving developments surrounding trade tariffs are expected to affect the global outlook for the rest of the year. Notwithstanding the external risks, growth will continue to be anchored primarily by resilient domestic demand. This provides a strong buffer against external headwinds. Household spending is expected to continue expanding, supported by continued wage and employment growth, particularly within domestic-oriented sectors as well as income-related policy measures. Investment activities will be driven by the continued implementation of multi-year projects across private and public sectors, further realisation of approved investments with a larger share by domestic players and the implementation of catalytic initiatives under the national master plans. Additionally, the continued demand for E&E goods, alongside higher tourist receipts will also provide cushion to growth.

In 2025, headline inflation is projected to remain within a moderate range of 2.0 - 3.5%, driven by further moderating global costs and absence of excessive demand. Similar to the economic outlook, any changes to the forecast will be released once there is greater visibility on the external developments. Global commodity prices are expected to be lower, contributing to further downward pressure. The recently introduced wage-related policies will support demand, although the impact on inflation is expected to be limited. In this environment, the overall impact from domestic policy measures is expected to be contained.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025, Bank Negara Malaysia)

5.2 Overview and outlook of the agriculture sector in Malaysia

Overview

The agriculture sector accelerated to record a growth of 4.5% during the first half of 2024, mainly attributed to robust performance of oil palm subsector. The subsector registered a significant rebound of 10.7%, following higher production of fresh fruit bunches ("**FFB**") and better crude palm oil ("**CPO**") yield. The rubber subsector also gained 1.3%, as the subsector recovered from the impact of the Pestalotiopsis leaf fall disease as well as benefitting from a favourable weather condition. In addition, the livestock subsector turned around by 5.2%, particularly supported by stable production in the poultry and egg segments, while the fishing subsector expanded further by 4.3%, buoyed by the marine fishing segment.

The sector is expected to decline marginally, by 0.2% in the second half of the year, mainly due to subdued performance in the oil palm subsector. The low FFB yield, anticipated to be noticeable as early as the fourth quarter of 2024, is forecast to affect CPO production in the second half. This is due to dry weather condition, which began in the second half of 2023 and intensified further in the beginning of 2024, which will adversely impact the quality of fruitlets. Meanwhile, the rubber subsector is expected to contract, while the forestry and logging subsector is projected to continue recording a significant decline. Conversely, other subsectors namely livestock, other agriculture and fishing are anticipated to grow, underpinned by better production and rising domestic demand

(Source: Economic Outlook 2025, Budget 2025, Ministry of Finance Malaysia)

Growth in the agriculture sector was higher at 3.1% in 2024 (2023: 0.7%), mainly attributable to increased oil palm production. Higher oil palm yields were supported by increased productivity from better trained workers and higher fertiliser application during 2022-23 period, following normalisation in fertiliser prices. This more than offset the lower production from Sabah due to dry weather and the spread of Sooty Mould disease in the first quarter.

(Source: Economic & Monetary Review 2024, Bank Negara Malaysia)

Outlook

The agriculture sector is projected to expand by 2.2% in 2025 (2024: 3.1 %). Production of food crops such as rice, fruits and vegetables are expected to improve amid better weather conditions. Meanwhile, crude palm oil production is expected to continue to expand but at a more moderate pace as further productivity gains from better trained workers and improved fertiliser application will be offset by limited growth in mature hectarage. Growth in the livestock subsector will be sustained due to stable demand conditions and ongoing technological enhancements to the sector's production processes.

(Source: Economic & Monetary Review 2024, Bank Negara Malaysia)

5.3 Prospects of the Group after the Proposed Disposal

As at LPD, the Group is principally involved in 3 business segments namely the Manufacturing Business, plantation business and trading business. As detailed in Section 4 of this Circular, the Group's Manufacturing Business which is operated solely by SMSB, had been loss-making for the past 3 financial years due to the increasingly challenging business environment. The Proposed Disposal represents an opportunity for the Group to divest its loss-making segment and focus its resources on amongst others, its plantation business. The Group is expected to record a gain on disposal of approximately RM24.2 million from the Proposed Disposal which is expected to improve the NA and earnings of the Group.

The Group has earmarked part of the proceeds from the Proposed Disposal amounting to RM50.0 million for the Group's plantation business. The proceeds are proposed to be utilised by the Group to expand its plantation land bank as well as for planting and replanting purposes which is expected to contribute towards the earnings of the Group and bode well towards the financial performance of the Group moving forward.

Barring any unforeseen circumstances and premised on the above as well as the outlook of the Malaysian economy and the agriculture sector, the Board believes that the utilisation of proceeds from the Proposed Disposal is expected to benefit the Group moving forward.

6. RISK FACTORS

6.1 Completion risk

The completion of the Proposed Disposal is conditional upon the Conditions Precedent (as set out in Section 2 of **Appendix I** of this Circular) and any supplemental(s) thereto (if any), being fulfilled or waived. The Proposed Disposal may not be completed if any of the Conditions Precedent is not fulfilled or waived within the stipulated timeframe.

There can be no assurance that the Conditions Precedent can be fulfilled and the Proposed Disposal can be completed within the time period permitted under the SAA. To mitigate such risk, the Company will take all reasonable steps to ensure that the Conditions Precedent that are within the Company's control will be met within the stipulated timeframe to ensure the successful completion of the Proposed Disposal and should there be any delay beyond the agreed time period, the Board shall negotiate with the relevant parties to the SAA to mutually extend the relevant period prior to its expiry.

6.2 Risk of downward adjustment of the Disposal Consideration

Pursuant to the SAA, Luxshare shall appoint an accounting firm to conduct the Completion Audit on the Completion Date or at the latest, within seven 7 business days from the Completion Date.

In the event the Audited Value is lower than the Initial Book Value, the Third Tranche shall be reduced by the difference between the Initial Book Value and the Audited Value in accordance with the SAA, which will lead to a lower Disposal Consideration.

For information, the adjusted NA of SMSB as at 30 June 2024 and 31 December 2024 are RM94.7 million and RM90.0 million, respectively (as detailed in Section 2.3(ii) of this Circular).

6.3 Loss of potential higher value of SMSB and potential future appreciation in the value of the Properties

With the Proposed Disposal, the Group will be disposing SMSB at the Disposal Consideration and will not be able to benefit from any potential increase in the values of SMSB's NA and/or appreciation in the value of the Properties in the future after the completion of the Proposed Disposal.

The Board is of the view that the Disposal Consideration is reasonable as the Group had engaged the Valuer to perform valuation on the Properties and the Disposal Consideration is above the adjusted NA of SMSB as at 30 June 2024 and 31 December 2024 (details of which are set out in Section 2.3 of this Circular). The P/B multiples and EV/EBITDA multiples as represented by the Disposal Consideration are also within the range of the P/B multiples of the Comparable Companies and above the range of EV/EBITDA multiples of the Comparable Companies.

There can be no guarantee that the Scope Group will be able to secure purchasers for SMSB at higher values and/or the NA of SMSB will increase in the future.

6.4 Loss of potential income from SMSB

Upon completion of the Proposed Disposal, SMSB will no longer be a subsidiary of the Group and as such, the Company would lose a source of revenue and future potential profit contribution from SMSB in the future.

Nonetheless, the potential loss of income from SMSB is expected to be minimal in view that SMSB had been loss-making for the past 3 financial years and that the Proposed Disposal will not result in any material adverse impact on the Group's financial performance going forward.

In addition, the Group will utilise the proceeds from the Proposed Disposal mainly for the expansion of the Group's plantation business which is expected to contribute positively to the Group's future income.

7. EFFECTS OF THE PROPOSED DISPOSAL

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital of the Company and substantial shareholders' shareholdings in the Company as the Disposal Consideration will be fully satisfied in cash and does not involve any issuance of new Scope Shares.

7.2 NA, NA per share and gearing

The proforma effect of the Proposed Disposal on the NA, NA per share and gearing of the Scope Group based on the audited consolidated financial statements of the Group as at 30 June 2024 is as follows:-

	Audited as at 30 June 2024	(I) [a]Subsequent events	(II) After (I) and the Proposed Disposal	(III) After (II) and the Special Interim Dividend
	RM'000	RM'000	RM'000	RM'000
Share capital	192,152	192,237	192,237	192,237
Capital reserve	28,002	28,002	28,002	28,002
Foreign currency translation reserve	4,420	4,420	4,420	4,420
Employees' share scheme reserve	2,435	2,434	2,434	2,434
Accumulated losses	(65,038)	(65,038)	[b](40,838)	[c](63,933)
Equity attributable to the owners of the Company / NA	**161,971**	**162,056**	**186,255**	**163,160**
Non-controlling interest	1,822	1,822	1,822	1,822
Total equity	**163,793**	**163,878**	**188,077**	**164,982**
Number of Shares in issue ('000)	1,154,400	1,154,774	1,154,774	1,154,774
NA per Share (RM)	0.14	0.14	0.16	0.14
Borrowings	-	-	-	-
Gearing (times)	n/a	n/a	n/a	n/a

Notes:-

(a) After taking into consideration the following:-

   (i) the issuance of 362,500 new Shares on 20 December 2024 arising from the vesting of 362,500 Scope Shares pursuant to the shares grant under the Company's employees' share scheme 2021, which was approved by the shareholders of the Company on 19 May 2021, at the issue price of RM0.2250 each; and

   (ii) the issuance of 12,000 new Shares on 29 November 2024 arising from the exercise of 12,000 warrants 2021/2024 of the Company, which expired on 25 November 2024, at the exercise price of RM0.30 each.

(b) After taking into consideration the estimated gain on disposal of approximately RM24.2 million arising from the Proposed Disposal (after deducting estimated expenses of RM2.6 million) as detailed in Note (a) of Section 7.3 of this below.

(c) After taking into consideration the Special Interim Dividend of approximately RM23.1 million.

7.3 EPS

The proforma effect of the Proposed Disposal on the loss after tax of the Scope Group based on the latest audited consolidated financial statements of the Group for the FYE 30 June 2024 (assuming that the Proposed Disposal had been completed at the beginning of the financial year) is set out as follows:-

	Audited FYE 30 June 2024	**After the Proposed Disposal**
	RM'000	RM'000
LAT attributable to the owners of the Company	(36,538)	(36,538)
Add: Reversal of LAT of SMSB from the Group's financial statement	-	1,642
Add: Estimated gain on disposal[(a)]	-	24,200
Proforma LAT	**(36,538)**	**(10,696)**
Number of Shares ('000)	1,154,400	1,154,400
LPS (sen)	(3.17)	(0.93)

Note:-

(a) Upon completion of the Proposed Disposal, the Group will cease to consolidate the losses from SMSB. Based on the latest audited consolidated financial statement of the Group for the FYE 30 June 2024, the Group is expected to record a gain on disposal of approximately RM24.2 million as illustrated below:-

	RM'000	RM'000
Disposal Consideration		96,700
Less: NA of SMSB		
Audited NA of SMSB as at 30 June 2024	18,281	
Add: Capitalisation of amount due to Scope[(aa)]	51,619	
		(69,900)
Less: Estimated expenses for the Proposed Disposal (as detailed in Note (iii) of Section 3 of this Circular)		(2,600)
Gain on disposal		**24,200**

Note:-

(aa) As at 30 June 2024, the amount due by SMSB to Scope stood at RM51.6 million. Pursuant to the SAA, all the intragroup balance shall be capitalised prior to the completion of the Proposed Disposal.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposal is subject to the following approvals being obtained:-

(i) the approval of the shareholders of the Company for the Proposed Disposal at the Company's forthcoming EGM; and

(ii) the approval of any other relevant authorities and/or parties, if any.

The Special Interim Dividend is conditional upon the Proposed Disposal.

The Proposed Disposal is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Scope.

9. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Disposal pursuant to Rule 10.02(g) of the Listing Requirements is approximately 59.7%, computed based on the Disposal Consideration of RM96.7 million over the audited NA of Scope as at 30 June 2024 of RM162.0 million.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposed Disposal, the Company does not have any outstanding corporate exercises that have been announced but pending completion.

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

None of the Directors, chief executive, major shareholders of the Company and/or any persons connected with them have any direct or indirect interest in relation to the Proposed Disposal.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered and deliberated on all aspects of the Proposed Disposal, including but not limited to the rationale and benefits, the proposed utilisation of proceeds from the Proposed Disposal, and the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

Accordingly, the Board recommends that the shareholders of Scope vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed by the 3rd quarter of calendar year 2025.

The tentative timeline for the Proposed Disposal is as follows:-

Tentative timeline	Key milestones
11 July 2025	• EGM
End-July 2025	• Fulfilment of all Conditions Precedent
Early-August 2025	• Completion of the Proposed Disposal

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Conference Room, O&G Hotel, 1-L1-5 and 1-L1-6, Jalan Wawasan 4, Taman Wawasan Jaya, 34200 Parit Buntar, Perak, Malaysia on Friday, 11 July 2025 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint proxy(ies) to attend, participate, speak and vote on his/her behalf. In such event, the Form of Proxy must be lodged at the Company's Registered Office at Suite 16.06, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, Malaysia not less than 48 hours before the stipulated time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude the shareholders from attending, participating, speaking and voting at the EGM should he/she subsequently wish to do so.

15. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
SCOPE INDUSTRIES BERHAD

LEE MIN HUAT
Executive Chairman

1. SALE OF THE SALE SHARES

Based on the terms and subject to the conditions set out in the SAA, Scope shall sell, and Luxshare shall purchase the Sale Shares for the Disposal Consideration ("**Transaction**").

(Scope and Luxshare are collectively the "**Parties**" and individually, a "**Party**")

2. CONDITIONS PRECEDENT

2.1 Completion of the sale and purchase of the Sale Shares is conditional upon the fulfilment of the following conditions precedent on or before the Cut-Off Date ("**Completion**"):-

(a) the approval of the Board and shareholders of Scope for the Proposed Disposal and execution of the SAA by Scope;

(b) the approval of the board of directors and, if applicable, shareholders of Luxshare for the Proposed Disposal and execution of the SAA by Luxshare;

(c) the approval of the board of directors of SMSB to register the transfer of the Sale Shares in favour of Luxshare, and for all other matters required to be attended to by SMSB;

(d) the delivery by Scope a confirmation that there are no other approvals pursuant to the Listing Requirements or applicable laws applicable to Scope and to SMSB in regard to this Proposed Disposal save for Sections 2.1 (a) and (c) of this Appendix **I**;

(e) in regard to the Properties:-

(i) Scope having delivered valid approvals pursuant to the applicable laws or contractual obligations in regard to the Properties arising from the Transaction; where applicable;

(ii) in regard to each of the Properties, Scope having delivered to Luxshare evidence of submission of a formal application for the Extension of Leasehold at the cost of Scope (for the avoidance of doubt, (1) Luxshare shall bear the premium payable to the aforesaid state authority for the Extension of Leasehold and Scope shall bear all other costs and expense related thereto other than the aforesaid; and (2) the SAA shall not be conditional upon the extension leasehold tenure being approved by the aforesaid state authority);

(f) there having been no material adverse event affecting the SMSB;

(g) Scope's warranties being true and accurate and not misleading and there being no breach of any of Scope's warranties and such other representation, covenants, undertakings and obligations set out in the SAA;

(h) the results of the due diligence exercises conducted by Luxshare on SMSB and its related, subsidiary and associated companies (if any), together with any rectification or remedial actions taken or provided by Scope in response to any issues identified pursuant to such due diligence exercises, are satisfactory to Luxshare in its sole and absolute discretion (for the avoidance of doubt, the due diligence exercises conducted by Luxshare shall be completed within one 1 month from the date of the SAA);

(i) the delivery by Scope a confirmation that Scope and SMSB have complied with all applicable laws and regulations affecting the Proposed Disposal to the satisfaction of Luxshare in writing;

(j) the delivery by Scope a confirmation that that there has been no occurrence of any of the following events:-

(i) a winding up petition presented against SMSB, or an order made, or a resolution passed for the winding up of SMSB, or liquidation whether compulsorily or voluntarily involving SMSB;

(ii) if, to the extent that such event would materially affect the operations of SMSB, any asset or property of SMSB or part thereof becomes the subject matter of or be included in any notice or declaration concerning or relating to acquisition pursuant to provisions of any relevant legislation;

(iii) any authority shall condemn, nationalise, seize or otherwise expropriate all or any part of the business or assets or properties of SMSB;

(iv) any asset or property of SMSB or part thereof is destroyed or damaged;

(v) any of the Scope's warranties being rendered untrue, inaccurate and/or misleading and there is a breach of Scope warranties.

(k) subject to compliance of all applicable laws, Scope having infused all the existing intragroup loan in SMSB in the form of equity with the Disposal Consideration unchanged prior to Completion, if not having done at the time of the signing of the SAA by the Parties.

2.2 If the Conditions Precedent are granted subject to any condition, then such Conditions Precedent will not be deemed to have been fulfilled for the purposes of the SAA unless such condition is acceptable to the other Party evidenced through no written objection received by the other Party within 7 business days from the date upon which the condition is made known in writing to the other Party.

2.3 If –

(a) on the expiry of the Cut-Off Date, any of the Conditions Precedent has not been fulfilled or waived by the relevant Party; or

(b) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to either of the Parties, being terms and conditions which affect the purpose of the SAA or any rights or interests of either of the Parties, and further appeals to the relevant authorities or persons to vary such terms and conditions have not been successful and/or the said Party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons, unless such fulfilment of conditions precedent can be remedied and mutually agreed to be remedied/extended or waived by the relevant Party in accordance with Section 2.5 of this Appendix I,

then either of the Parties shall be entitled to terminate the SAA by giving a written notice of termination and upon termination thereof, the Parties shall not have any further rights under the SAA except in respect of:-

(i) any obligation under the SAA which is expressed to apply after the termination of the SAA;

(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SAA to either Party prior to such termination; and

(iii) Scope shall refund all the monies received (including the First Tranche) free of interest to Luxshare.

2.4 If any Party became aware of or is notified that any Conditions Precedent is not satisfied or is incapable of being satisfied, it must immediately upon receipt of such notification notify the other Party in writing.

2.5 For avoidance of doubt, the Conditions Precedent can only be waived by the relevant Party set out as follows:-

(a) Conditions Precedent set out in Section 2.1 (b) above – this Conditions Precedent can only be waived by Scope in writing to Luxshare, to the extent permissible under the applicable laws;

(b) Conditions Precedent set out in Section 2.1 (a), (c), (d), (e), (f), (g), (h), (i), (j) or (k) above - any of these Conditions Precedent can only be waived by Luxshare in writing Scope, to the extent permissible under the applicable laws.

2.6 The SAA shall cease to be conditional upon the Unconditional Date.

3. DISPOSAL CONSIDERATION

3.1 The Disposal Consideration shall be paid in 3 tranches as follows:-

(a) First Tranche - Upon the signing of the SAA between Scope and Luxshare

Luxshare shall pay the First Tranche in the sum of RM9,670,000 (representing 10% of the Initial Book Value and Premium respectively) to Scope.

(b) Second Tranche - Upon the Completion Date:-

Luxshare shall pay the Second Tranche in the sum of RM77,580,000 (representing 75% of the Initial Book Value and 90% of the Premium) which shall be paid by Luxshare to Scope's solicitors ("**Scope's Solicitors**") as stakeholder. Scope's Solicitors shall be authorised to deal with the Second Tranche in accordance with Section 4.3 of this Appendix I.

(c) Third Tranche – Upon the Completion Date:-

Luxshare shall pay the Third Tranche in the sum of RM9,450,000 (representing 15% of the Initial Book Value) to its solicitors ("**Luxshare's Solicitors**") as stakeholder. Luxshare's Solicitors shall be authorised to deal with the Third Tranche in accordance with Section 4.4 of this Appendix I.

3.2 The First, Second and Third Tranche paid by Luxshare shall be applied only as follows:-

(a) applied in full towards the Disposal Consideration payable upon Completion; or

(b) refunded in full by Scope to Luxshare upon the termination of the SAA in accordance with the procedures set out in the SAA.

4. COMPLETION

4.1 Completion shall take place on the Completion Date unless waived by the relevant Party.

4.2 On the Completion Date, Scope shall procure the following:-

(a) the handover to Luxshare's Solicitors as stakeholders the share certificates (if any), undated original registrable share transfer form, management accounts, directors' resolution approving the transfer of the Sale Shares, letters of resignation of the existing directors & company secretary of SMSB, and

(b) grant access to Luxshare and/or Luxshare's Solicitors of the accounting and tax records & company secretarial documents of SMSB.

hereinafter the "**Completion Documents**".

4.3 Dealing with Second Tranche

(a) On the Completion Date and upon Luxshare's payment of the Second Tranche to Scope's Solicitors as stakeholder, Luxshare's Solicitors shall be authorised to release to Luxshare the Completion Documents.

(b) Upon the successful registration of Luxshare as the new shareholder of SMSB in the register of members of SMSB, Scope's Solicitors shall be entitled to release the Second Tranche, together with all interest accrued thereon to Scope.

4.4 Dealing with Third Tranche

On the Completion Date, or at the latest within 1 business day from the Completion Date, Luxshare shall pay to Luxshare's Solicitors as stakeholder, an amount equal to the Third Tranche, the same of which shall be dealt with by Luxshare's Solicitors in accordance with Section 5 of this Appendix I.

4.5 In regard to each of the Properties, Scope shall, as soon as practicable after the Completion Date, use its best efforts to obtain the Extension of Leasehold pursuant to the application submitted in accordance with Section 2.1(e)(ii) above within 3 years from the Completion Date. In the event that the approval from the state of authority of Perak, Malaysia is not granted for the Extension of Leasehold in regard to any of the Properties, Luxshare can, in its sole discretion elect to either:-

(a) discuss a viable alternative option with Scope to the satisfaction of Luxshare, which Scope shall facilitate on its best efforts basis, to ensure the continuity and operations of the business of SMSB; or

(b) if the approval from the state of authority of Perak, Malaysia is not granted for the Extension of Leasehold in regard to Property 2 and Property 4, claim against Scope liquidated ascertained damages in the amount of RM2,600,000.

5. COMPLETION AUDIT

5.1 On the Completion Date or at the latest, within 7 business days from the Completion Date, Luxshare shall appoint an accounting firm to conduct the Completion Audit at a cost to be borne Luxshare.

5.2 The Audit Report shall be issued by the accounting firm within 30 calendar days from the Completion Date. The following shall apply in regard to the Completion Audit:

(a) the Audit Report shall be shared by Luxshare to Scope upon its receipt thereof (i.e., not later than 35 calendar days from the Completion Date). For avoidance of doubt, the Completion Audit shall be conducted on the basis of the exclusion of obsolete, non-functional and end-of-life equipment, as well as obsolete and excess inventories and based on such other audit criterion to the satisfaction of Luxshare;

(b) Scope shall confirm in writing the contents of the Audit Report to Luxshare within 15 calendar days from its receipt thereof ("**Confirmation**") failing which Scope shall be deemed to have confirmed the Audit Report;

(c) If Scope raises any objection to the Audit Report within the aforesaid 15 calendar days period, the Parties shall use their best endeavours to resolve the disagreement within 15 calendar days, failing which the Parties shall jointly appoint a third party accounting firm ("**Accounting Firm**"), at such cost to be borne equally, to arbitrate the disagreement; and

(d) Luxshare's Solicitors shall release the Third Tranche free of interest, to Scope, and release the interest portion of the Third Tranche to Luxshare, within:-

(i) within 5 business days from Luxshare's receipt of the Scopes Confirmation subject to any deductions or,

(ii) within 5 business days of Luxshare's receipt of the written confirmation of the Accounting Firm stipulating net audited assets of SMSB.

(e) In the event that the Audit Report, or the decision of the Accounting Firm as the case may be, leads to a conclusion that the Audited Value is:

(i) lower than the Initial Book Value, then Luxshare's Solicitors shall be entitled to deduct the difference from the Audited Net Asset Value, prior to release the Third Tranche to Scope; or

(ii) higher than the Initial Book Value, then Luxshare shall pay the shortfall in the Disposal Consideration to the Company directly within 3 business days from Luxshare's receipt of the written confirmation from Scope.

6. TERMINATION

6.1 The SAA shall continue and remain in full force and effect unless terminated pursuant to the provisions of the SAA.

6.2 A Party shall be entitled to issue a notice of termination to the other Party if, at any time prior to Completion, where:-

(i) the other Party commits any continuing breach of any of their obligations under the SAA which (i) is incapable of remedy; or (ii) if capable of remedy, is not remedied within 14 days of them being given notice to do so;

(ii) a petition is presented (and such petition is not stayed or struck-out within 14 days of the petition being served) or an order is made or a resolution is passed for the winding up of the Party or SMSB and/or bankruptcy of any of the Party;

(iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Party or SMSB;

(iv) a Party or SMSB becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;

(v) SMSB ceases or threatens to cease or carry on the whole or any substantial part of the Business or ceases to have or maintain the material licences required for the Business;

(vi) any of Scope's warranties is found at any time to be untrue or inconsistent;

(vii) the due completion of the Proposed Disposal under the SAA is prohibited by any applicable laws or regulations or in consequence of any order or directive of any court or a procedural irregularity which cannot be rectified, resulting in the Sale Shares become incapable of transfer; or

(viii) there is any court order or action which adversely affects the Proposed Disposal which arises for any reason other than due to the breach or default of a Party.

6.3 Following the giving of a notice of termination and if Luxshare elects not to pursue the remedies under Section 6.5 below, then:-

(a) Scope shall, within 7 days after receipt of the notice of termination:

(i) return to Luxshare all documents received by it or SMSB, if any, delivered by or on behalf of Luxshare;

(ii) procure SMSB to return to Luxshare all such documents, if any, delivered to it by or on behalf of Luxshare pursuant to the SAA, if any; and

(iii) refund all moneys paid by Luxshare towards the Disposal Consideration free of interest; and

(b) Subsequently, Luxshare shall return all documents, if any, delivered to it by or on behalf of SMSB or Scope and procure the resignation of any person nominated by Luxshare as a director in SMSB, if any.

6.4 Following the giving of a notice of termination under any of the provisions of the SAA, neither of the Parties shall thereafter have any further rights or obligations under the SAA to the other Party, except in respect of (i) any rights or obligations under the SAA which are expressed to apply after the termination of the SAA; and (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SAA to either Party prior to such termination.

6.5 Notwithstanding the termination of the SAA, Luxshare shall be at liberty to take such action in law as may be necessary to compel Scope by way of specific performance to complete the sale, purchase, and transfer of the Sale Shares (in which respect the alternative remedy of monetary compensation shall not be regarded as sufficient compensation for any default of a Party).

For avoidance of doubt, Scope will not seek remedies or specific performance in the event the SAA is terminated.

1. HISTORY AND BUSINESS

SMSB was incorporated in Malaysia on 20 November 1991 as a private limited company under the Companies Act 1965 and deemed registered under the Act with its registered office at Suite 16.06, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, Malaysia.

SMSB commenced its business since November 1991 and is principally involved in the manufacturing and assembling of electrical and electronics components and products such as printed circuit board ("**PCB**") and complete box-build. SMSB is a contract manufacturer for original equipment manufacturers, offering services including PCB assembly for electronics products, both on consignment basis and turnkey basis as well as complete box-build.

Under the consignment basis, SMSB will undertake the whole manufacturing process of integrating the electronic components onto the PCB based on the requisite electronic components and specifications provided by the customers.

Under the turnkey basis, SMSB will source the required input materials such as amongst others, PCB, integrated circuits and transistors based on the customers' requirements. SMSB sources the input materials within Malaysia and from Singapore.

In addition, SMSB also provides complete box-build services on demand, which involves the integration of assembled PCB into finished products and the assembly of final electronic products.

SMSB's principal place of business is located at Parit Buntar, Perak, Malaysia where the Properties are located.

As at LPD, SMSB owns 4 factories located along 4 contiguous parcels of land located within Mukim Parit Buntar, District of Kerian, State of Perak, Malaysia which are being utilised for the Manufacturing Business as follows:

(i) a parcel of leasehold industrial land held under title no. PN 343874, Lot No. 11456 (formerly known as HSD 8228, Lot No. PT 4149) measuring 65,327 square feet with a double storey detached factory cum double storey office i.e. Property 1;

(ii) a parcel of leasehold industrial land held under the title of PN 160477, Lot No. 10123 (formerly known as HSD 2841, Lot No. PT 1803) measuring 87,145 square feet with a single storey detached factory cum double storey office i.e. Property 2;

(iii) a parcel of leasehold industrial land held under the title of PN 343873, Lot No. 11455 measuring 108,942 square feet with a double storey detached factory i.e. Property 3; and

(iv) a parcel of leasehold industrial land held under the title of PN 160492, Lot No. 10124 measuring 87,145 square feet with a single storey detached factory cum office i.e. Property 4.

The details of the Properties are set out in Section 6 below.

As at LPD, the Properties are equipped with 9 surface mount technology production lines which consists of glue dispenser, solder paste printers, chip mounter, reflow oven, inspection machines (automated inspection, solder paste inspection and x-ray inspection machine) and related equipment, supported by 4 manual insertion assembly lines and 4 final assembly lines.

The annual production capacity for the production line for the past 3 FYEs 30 June 2022, 30 June 2023 and 30 June 2024 are as follows:-

FYE	Average number of production lines	(A) [(a)]Annual production capacity	(B) Actual production output	(C) = (B) / (A) Utilisation rate
	number	mount points	mount points	%
30 June 2022	11	3,299 million	1,094 million	33.2
30 June 2023	13	3,898 million	1,181 million	30.3
30 June 2024	9	2,724 million	853 million	31.3

Note:-

(a) Computed based on the actual number of operating production lines at the month end of each financial year and assuming each production line is operating 19.2 hours per day (approximately 80.0% efficiency after taking into consideration the break time for the staff as well as the downtime of the production line) and 26 working days per month.

For information, the average number of production line had been reduced from 11 during the FYE 30 June 2022 to 9 during the FYE 30 June 2024 due to the decrease in sales order from a customer from Taiwan.

As at LPD, SMSB's products are primarily exported to Taiwan, which is the principal market of SMSB's products, accounting for more than 90% of the revenue of SMSB for the past 3 FYEs 30 June 2022, 30 June 2023 and 30 June 2024 and 9-month FPE 31 March 2025. The breakdown of sales by country for the abovementioned period are as follows:-

	FYE 30 June 2022		**FYE 30 June 2023**		**FYE 30 June 2024**		**9-month FPE 31 March 2025**	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Overseas								
Taiwan	34,537	95.3	38,668	93.4	37,678	99.0	21,116	91.8
Europe	89	0.2	-	-	-	-	-	-
Singapore	42	0.1	-	-	-	-	-	-
Others	-	-	-	-	-	-	35	0.2
	34,668	95.6	38,668	93.4	37,678	99.0	21,151	92.0
Malaysia	1,579	4.4	2,712	6.6	367	1.0	1,846	8.0
	36,247	**100.0**	**41,380**	**100.0**	**38,045**	**100.0**	**22,997**	**100.0**

For information, SMSB does not engage in any research and development activities. As such, there were no research and development expenditures incurred by SMSB for the past 3 FYEs 30 June 2022, 30 June 2023 and 30 June 2024 and 9-month FPE 31 March 2025.

2. SHARE CAPITAL

As at LPD, SMSB has an issued share capital of RM4,520,000 comprising 3,220,000 ordinary shares.

3. DIRECTORS

As at LPD, the directors of SMSB are Lee Min Huat, Tan Eng Siang and Lim Chiow Hoo. All the directors are Malaysian and they do not hold any ordinary shares, directly and indirectly, in SMSB.

4. SHAREHOLDERS

As at LPD, SMSB is a wholly-owned subsidiary of Scope.

The direct and indirect substantial shareholders of Scope as at LPD are as follows:-

	Shareholdings as at LPD			
	Direct		Indirect	
Name	**No. of ordinary shares**	**(a)%**	**No. of ordinary shares**	**(a)%**
Wah Len Enterprise Sdn Bhd	98,412,600	8.5	-	-
Lee Min Huat	92,098,800	8.0	-	-
IAC	84,444,400	7.3	-	-
Lim Chiow Hoo	75,113,100	6.5	-	-
Dato' Lim Chee Wah	-	-	(b)98,412,600	8.5
Lim Ee Tatt	4,519,500	0.4	(b)98,412,600	8.5
Lim Ee Keong	-	-	(b)98,412,600	8.5
Lim Saw Khim	-	-	(b)98,412,600	8.5
Inventec Corporation	-	-	(c)84,444,400	7.3

Notes:-

(a) Based on 1,154,774,059 issued Shares as at LPD.

(b) Deemed interested in the shares held by Wah Len Enterprise Sdn Bhd pursuant to Section 8 of the Act.

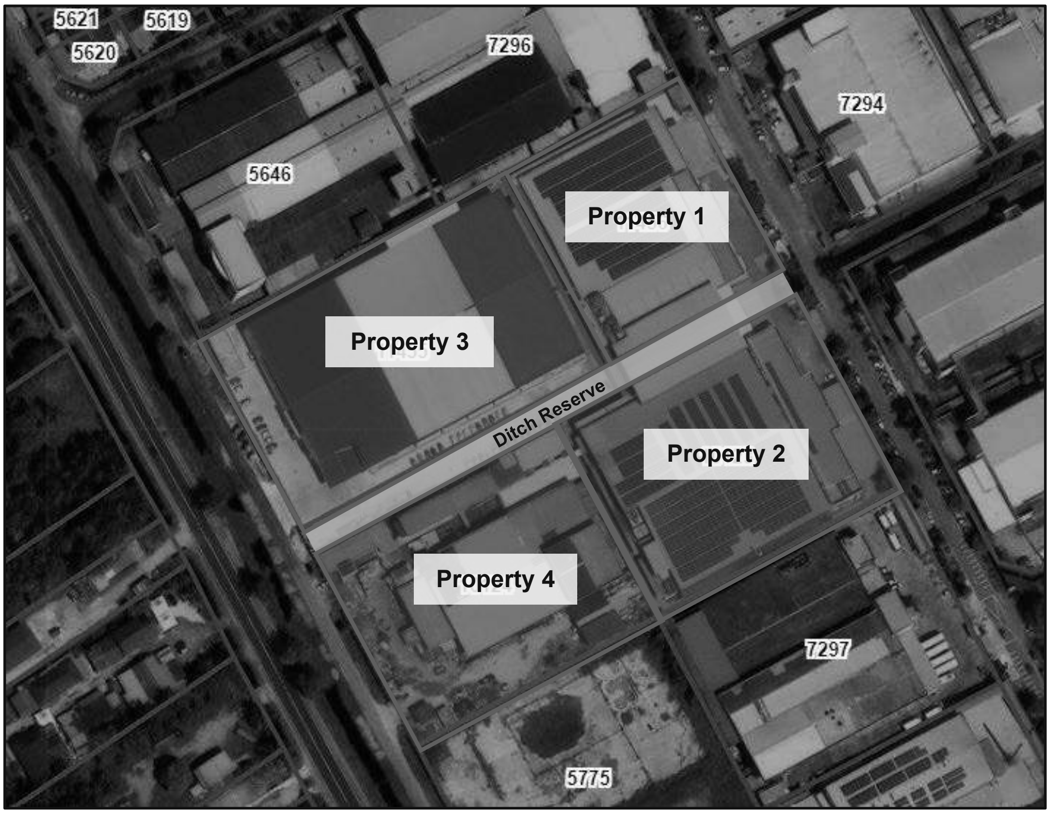
(c) Deemed interested through its wholly-owned subsidiary, IAC.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at LPD, SMSB does not have any subsidiary nor associated company.

6. DETAILS OF THE PROPERTIES

The aerial view of the Properties is set out below:-



A summary of the Properties is set out below:-

(i) Property 1

Description of the property	:	A parcel of leasehold industrial land with a double storey detached factory cum double storey office
Title No.	:	PN 343874, Lot No. 11456 (formerly known as HSD 8228, Lot No. PT 4149), Mukim Parit Buntar, District of Kerian, State of Perak
Postal address	:	Lot 6181, Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak Darul Ridzuan, Malaysia
Registered owner	:	SMSB
Tenure	:	Leasehold for 60 years (expiring on 16 February 2049)
Land area	:	65,327 square feet
Category of land	:	*Perindustrian*
Existing land usage	:	Double storey detached factory cum double storey office
Proposed land usage	:	-
Approximate age of buildings	:	25

Gross floor area	:	78,090 square feet
Net lettable space	:	77,640 square feet
Occupancy status as at LPD	:	Self-occupied and used as factory cum office
Express condition	:	*Perusahaan*
Restriction-in-interest	:	*Tanah ini tidak boleh dipindahmilik, dipajak, digadai atau dibebankan tanpa kebenaran Menteri Besar Perak. Sekatan ini dikecualikan selagi tanah ini dimiliki oleh Perbadanan Kemajuan Negeri Perak*
Encumbrances	:	Nil
Valuer	:	Laurelcap
Date of valuation	:	4 April 2025
Valuation method	:	Cost Approach and Income Approach by way of "Investment Method"
Market value	:	RM12.8 million
Audited net book value as at 30 June 2024	:	RM6.8 million
Unaudited net book value as at 31 March 2025	:	RM6.5 million

(ii) Property 2

Description of the property	:	A parcel of leasehold industrial land with a single storey detached factory cum double storey office
Title No.	:	PN 160477, Lot No. 10123 (formerly known as HSD 2841, Lot No. PT 1803), Mukim Parit Buntar, District of Kerian, State of Perak
Postal address	:	Lot 10123, Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak Darul Ridzuan, Malaysia
Registered owner	:	SMSB
Tenure	:	Leasehold for 60 years (expiring on 13 March 2039)
Land area	:	87,145 square feet
Category of land	:	*Perindustrian*
Existing land usage	:	Single storey detached factory cum double storey office
Proposed land usage	:	-
Approximate age of buildings	:	20
Gross floor area	:	72,340 square feet
Net lettable space	:	72,200 square feet

Occupancy status as at LPD	:	Self-occupied and used as factory cum office
Express condition	:	*Perusahaan*
Restriction-in-interest	:	*Tanah ini tidak boleh dipindahmilik, dipajak, digadai atau dibebankan tanpa kebenaran Menteri Besar Perak. Sekatan ini dikecualikan selagi tanah ini dimiliki oleh Perbadanan Kemajuan Negeri Perak*
Encumbrances	:	Nil
Valuer	:	Laurelcap
Date of valuation	:	4 April 2025
Valuation method	:	Cost Approach and Income Approach by way of "Investment Method"
Market value	:	RM10.1 million
Audited net book value as at 30 June 2024	:	RM5.2 million
Unaudited net book value as at 31 March 2025	:	RM4.9 million

(iii) Property 3

Description of the property	:	A parcel of leasehold industrial land with a double storey detached factory
Title No.	:	PN 343873, Lot No. 11455, Mukim Parit Buntar, District of Kerian, State of Perak
Postal address	:	Lot 11455, Jalan Perusahaan 3, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak Darul Ridzuan, Malaysia
Registered owner	:	SMSB
Tenure	:	Leasehold for 60 years (expiring on 16 February 2049)
Land area	:	108,942 square feet
Category of land	:	*Perindustrian*
Existing land usage	:	Double storey detached factory
Proposed land usage	:	-
Approximate age of buildings	:	2
Gross floor area	:	152,908 square feet
Net lettable space	:	151,908 square feet
Occupancy status as at LPD	:	Self-occupied and used as factory
Express condition	:	*Perusahaan*

Restriction-in-interest	:	*Tanah ini tidak boleh dipindahmilik, dipajak, digadai atau dibebankan tanpa kebenaran Menteri Besar Perak. Sekatan ini dikecualikan selagi tanah ini dimiliki oleh Perbadanan Kemajuan Negeri Perak*
Encumbrances	:	Nil
Valuer	:	Laurelcap
Date of valuation	:	4 April 2025
Valuation method	:	Cost Approach and Income Approach by way of "Investment Method"
Market value	:	RM41.4 million
Audited net book value as at 30 June 2024	:	RM23.9 million
Unaudited net book value as at 31 March 2025	:	RM20.8 million

(iv) Property 4

Description of the property	:	A parcel of leasehold industrial land with a single storey detached factory cum office
Title No.	:	PN 160492, Lot No. 10124, Mukim Parit Buntar, District of Kerian, State of Perak
Postal address	:	Lot 10124, Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak Darul Ridzuan, Malaysia
Registered owner	:	SMSB
Tenure	:	Leasehold for 60 years (expiring on 13 March 2039)
Land area	:	87,145 square feet
Category of land	:	*Perindustrian*
Existing land usage	:	Single storey detached factory cum office
Proposed land usage	:	-
Approximate age of buildings	:	The Valuer is unable to ascertain the age of the buildings as the original Approved Building Plan and the Certificate of Fitness for Occupation for Property 4 were not retrieved due to the building being completed more than 20 years ago and were not provided by the previous owner
Gross floor area	:	29,450 square feet
Net lettable space	:	29,250 square feet
Occupancy status as at LPD	:	Self-occupied and used as factory cum office
Express condition	:	*Perusahaan*

Restriction-in-interest	:	*Tanah ini tidak boleh dipindahmilik, dipajak, digadai atau dibebankan tanpa kebenaran Menteri Besar Perak. Sekatan ini dikecualikan selagi tanah ini dimiliki oleh Perbadanan Kemajuan Negeri Perak*
Encumbrances	:	Nil
Valuer	:	Laurelcap
Date of valuation	:	4 April 2025
Valuation method	:	Cost Approach and Income Approach by way of "Investment Method"
Market value	:	RM4.1 million
Audited net book value as at 30 June 2024	:	RM4.0 million
Unaudited net book value as at 31 March 2025	:	RM3.8 million

Upon completion of the Proposed Disposal, the Scope Group will cease its Manufacturing Business which includes the disposal of the Properties. Accordingly, SMSB will no longer be a subsidiary of Scope and will no longer recognise future earnings from its Manufacturing Business.

7. ASSETS OWNED BY SMSB

Based on the audited financial statements of SMSB for the FYE 30 June 2024 and the latest unaudited financial statements for the 9-month FPE 31 March 2025, the total assets of SMSB comprise the following:-

Type of assets	**Audited net book value as at 30 June 2024**	**Unaudited net book value as at 31 March 2025**
	RM'000	RM'000
Property, plant and equipment	55,000	50,697
Right of use assets	7,776	7,450
Inventories	1,179	1,363
Trade and other receivables, deposits and prepayments	8,637	4,009
Current tax assets	35	-
Cash and bank balances	82	537
Total assets	**72,709**	**64,056**

8. FINANCIAL INFORMATION

The summary of the historical financial performance and financial position of SMSB based on the audited financial statements of SMSB for the past 3 FYEs 30 June 2022, 2023 and 2024 and the latest unaudited financial statements for the 9-month FPE 31 March 2025 are as follows:-

	Audited			Unaudited	
	FYE 30 June 2022	**FYE 30 June 2023**	**FYE 30 June 2024**	**9-month FPE 31 March 2024**	**9-month FPE 31 March 2025**
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	36,247	41,380	38,045	26,266	22,997
Gross profit / (loss)	5,479	3,258	4,161	1,482	(1,141)
(LBT) / PBT	(198)	(1,657)	(1,633)	(228)	(4,052)
(LAT) / PAT	(204)	(1,660)	(1,642)	(235)	(4,052)
Share capital	4,520	4,520	4,520	4,520	4,520
NA / Total equity	20,400	19,586	18,281	15,336	14,229
Total borrowings	1,637	71	-	-	-
Current assets	11,665	6,417	9,933	6,510	5,909
Current liabilities	7,760	24,979	41,436	50,202	49,827
Number of ordinary shares ('000)	3,220	3,220	3,220	3,220	3,220
NA per share (RM)	6.34	6.08	5.68	4.76	4.42
LPS (RM)	(0.06)	(0.52)	(0.51)	(0.07)	(1.26)
Current ratio (times)	1.50	0.26	0.24	0.13	0.12
Gearing ratio (times)	0.08	*	n/a	n/a	n/a

* Less than 0.01

Commentaries:-

FYE 30 June 2022 ("FYE 2022") compared to FYE 30 June 2021 ("FYE 2021")

SMSB's revenue decreased by RM5.4 million or 13.0% from RM41.6 million in FYE 2021 to RM36.2 million in FYE 2022 which was mainly due to decrease in the sales order from a customer from Taiwan who received more competitive pricing from other suppliers.

SMSB recorded a LAT of RM0.2 million in FYE 2022 as compared to a PAT of RM5.6 million in FYE 2021 which was mainly due to the following:-

(i) decrease in revenue as aforementioned;

(ii) RM2.0 million interest charged (2021: nil) on amount due to holding company for the construction of Property 3; and

(iii) increase in depreciation of property, plant and equipment and right-of-use asset of RM0.7 million from RM3.3 million in FYE 2021 to RM4.0 million in FYE 2022 arising from the acquisitions of plant and machineries in FYE 2022 and Property 4 in FYE 2021.

FYE 30 June 2023 ("FYE 2023") compared to FYE 2022

SMSB's revenue increased by RM5.2 million or 14.4% from RM36.2 million in FYE 2022 to RM41.4 million in FYE 2023 which was mainly due to increase in sales order from a customer from Taiwan, who had increased orders for audio visual products assembly.

SMSB's LAT increased by RM1.5 million or 750.0% from RM0.2 million in FYE 2022 to RM1.7 million in FYE 2023 which was mainly due to the following:

(i) increase in cost of sales of RM7.3 million from RM30.8 million in FYE 2022 to RM38.1 million in FYE 2023 arising from the shortage of labour and supply chain disruption caused by movement control order affected by coronavirus pandemic; and

(ii) increase in depreciation on property, plant and equipment by RM1.5 million from RM3.9 million in FYE 2022 to RM5.4 million in FYE 2023 arising from the acquisitions of plant and machineries in FYE 2023.

FYE 30 June 2024 ("FYE 2024") compared to FYE 2023

SMSB's revenue decreased by RM3.4 million or 8.2% from RM41.4 million in FYE 2023 to RM38.0 million in FYE 2024 which was mainly due to decrease in the sales order from a customer from Taiwan who received more competitive pricing from other suppliers.

SMSB's LAT decreased by RM0.1 million or 5.9% from RM1.7 million in FYE 2023 to RM1.6 million in FYE 2024 which was mainly due to decrease in revenue as aforementioned.

9-month FPE 31 March 2025 ("FPE 2025") compared to 9-month FPE 31 March 2024 ("FPE 2024")

SMSB's revenue decreased by RM3.3 million or 12.4% from RM26.3 million in FPE 2024 to RM23.0 million in FPE 2025 which was mainly due to decrease in the sales order from a customer from Taiwan who received more competitive pricing from other suppliers.

SMSB's LAT increased by RM3.9 million or 1,624.3% from RM0.2 million in FPE 2024 to RM4.1 million in FPE 2025 which was mainly due to the following:-

(i) decrease in revenue as aforementioned;

(ii) increase in depreciation of property, plant and equipment of RM1.0 million from RM3.8 million in FPE 2024 to RM4.8 million in FPE 2025 arising from the commencement of operations of Property 3; and

(iii) recognition of realised foreign exchange loss due to the weakening of the United States Dollar during the financial period.

<u>Accounting policies and accounting qualification</u>

For the past 3 FYEs 30 June 2022, 30 June 2023 and 30 June 2024 under review:-

(i) there were no exceptional or extraordinary items;

(ii) there were no accounting policies adopted by SMSB which are peculiar to SMSB due to the nature of its business or the industry in which it is involved in; and

(iii) SMSB's external auditors had not issued any audit qualification on its financial statements.

9. MATERIAL CONTRACTS

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

10. MATERIAL LITIGATION

As at LPD, save as disclosed below, SMSB is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of SMSB and the directors of SMSB are not aware of any proceedings, pending or threatened against SMSB, or of any facts likely to give rise to any proceedings which may have material impact on the business or financial position of SMSB.

Suit No.: PA-22NCvC-75-05/2025 at the High Court of Malaya at Pulau Pinang

On 30 May 2025, SMSB was served with a Writ of Summons ("**Enclosure 1**") by IAC and Inventec Appliances (Malaysia) Sdn Bhd (collectively the "**Plaintiffs**") wherein the Plaintiffs are seeking, among other reliefs, an injunction to restrain SMSB from disclosing the Plaintiffs' confidential information to any third party without their prior consent.

Pursuant to an ex parte application by the Plaintiffs, the Court granted an interim injunction ("**Enclosure 8**") on 28 May 2025 against SMSB. Pursuant to the Rules of Court 2012, an ex parte interim injunction remains valid for twenty-one (21) days.

On 11 June 2025, the Court has revoked an ex-parte injunction order, which was granted to the Plaintiffs on 28 May 2025.

On 24 June 2025, by consent of the parties, this matter is being transferred to the court hearing Suit 20 (as defined in Section 3 of Appendix V of this Circular) and parties are awaiting further directions from such court on the Writ of Summons and other interlocutory applications thereto.

11. MATERIAL COMMITMENTS

As at LPD, there are no material commitments incurred or known to be incurred by SMSB which upon becoming due or enforceable, may have a material impact on the financial position or business of SMSB.

12. CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by SMSB which may have a material impact on the profits and/or NA of SMSB upon becoming enforceable.

Registration No. 199101019061 (229373-P)

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2024

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SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

CORPORATE INFORMATION

Directors	Lim Chiow Hoo Lee Min Huat Tan Eng Siang
Secretaries	Chee Wai Hong (BC/C/1470) Tan She Chia (MAICSA 7055087)
Registered Office	Suite 16.06 MWE Plaza No. 8 Lebuh Farquhar 10200 George Town Pulau Pinang
Business Address	Lot 6181 Jalan Perusahaan 2 Kawasan Perindustrian Parit Buntar 34200 Parit Buntar Perak
Auditors	Grant Thornton Malaysia PLT Chartered Accountants
Bankers	Affin Islamic Bank Berhad AmBank (M) Berhad Hong Leong Bank Berhad

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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

PRINCIPAL ACTIVITIES

The principal activities of the Company remain unchanged and consist of manufacturing and assembling of electronic and electrical components and products.

RESULTS

	RM
Loss for the financial year	**(1,641,516)**

In the opinion of the directors, the results of the operations of the Company for the financial year ended **30 June 2024** have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

HOLDING COMPANY

The Company is a wholly-owned subsidiary of Scope Industries Berhad, a company incorporated and domiciled in Malaysia and whose shares are quoted on the ACE Market of Bursa Malaysia Securities Berhad.

The directors regard Scope Industries Berhad as the ultimate holding company.

Registration No. 199101019061 (229373-P)

DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Lim Chiow Hoo
Lee Min Huat
Tan Eng Siang

DIRECTORS' INTERESTS IN SHARES

Pursuant to Section 59(3) of the Companies Act 2016, the beneficial interests of **Mr. Lim Chiow Hoo** and **Mr. Lee Min Huat** are disclosed in the directors' report of the holding company, Scope Industries Berhad.

The interests of **Mr. Tan Eng Siang** in shares in the holding company and share option/share grant during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.7.2023	**ESS shares vested**	**Bought/ (Sold)**	**Balance at 30.6.2024**
Holding company - Scope Industries Berhad				
Direct Interest:				
Tan Eng Siang	2,488,000	28,200	-	2,516,200

	Number of warrants			
	Balance at 1.7.2023	**Bought**	**Sold**	**Balance at 30.6.2024**
Holding company - Scope Industries Berhad				
Direct Interest:				
Tan Eng Siang	746,000	-	(746,000)	-

	Number of ESS options			
	Balance at 1.7.2023	**Granted**	**Exercised**	**Balance at 30.6.2024**
Holding company - Scope Industries Berhad				
Direct Interest:				
Tan Eng Siang	2,297,600	1,148,000	-	3,446,400

	Number of ESS shares			
	Balance at 1.7.2023	**Granted**	**Vested**	**Balance at 30.6.2024**
Holding company - Scope Industries Berhad				
Direct Interest:				
Tan Eng Siang	28,200	14,100	(28,200)	14,100

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the remuneration and other benefits received or receivable by the directors of Company for their services are as follows:

	RM
Salaries, wages, allowances and bonus	**1,448,720**
Defined contribution plan	**232,380**
Social security contribution	**1,040**
Equity-settled share-based payment	**257,221**
	1,939,361

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interests, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the employee share options granted by the holding company.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or insurance effected for any of the directors and officers of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Company; or

(ii) which would render the value attributed to the current assets in the financial statements of the Company misleading; or

(iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Registration No. 199101019061 (229373-P)

AUDITORS

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors to the Company for the financial year ended 30 June 2024 is RM31,000.

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

Lee Min Huat	**Lim Chiow Hoo**

Penang,

Date: 25 October 2024

Registration No. 199101019061 (229373-P)

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 11 to 35 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at **30 June 2024** and of its financial performance and cash flows for the financial year then ended.

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

....	....
Lee Min Huat	**Lim Chiow Hoo**

Date: 25 October 2024

STATUTORY DECLARATION

I, **Lee Min Huat**, the director primarily responsible for the financial management of **Scope Manufacturers (M) Sdn. Bhd.**, do solemnly and sincerely declare that the financial statements set out on pages 11 to 35 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **25th**)
day of **October 2024.**)

....
Lee Min Huat

Before me,

PESURUHJAYA SUMPAH
No: P162
Nama: LIEW JUAN LENG
01-01-2022 31-12-2024
MALAYSIA

....
Commissioner for Oaths

115, JALAN HUTTON
10050 GEORGETOWN
PULAU PINANG

Grant Thornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

Grant Thornton Malaysia PLT
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

T +604 228 7828
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Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **Scope Manufacturers (M) Sdn. Bhd.**, which comprise the statement of financial position as at **30 June 2024**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **30 June 2024** and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

GrantThornton

Independent Auditors' Report To The Member Of Scope Manufacturers (M) Sdn. Bhd. (cont'd)
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

GrantThornton

Independent Auditors' Report To The Member Of
Scope Manufacturers (M) Sdn. Bhd. (cont'd)
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton Malaysia PLT	**Teh Khang Xuen**
No. AF: 0737	**No. 03805/12/2025 J**
201906003682 (LLP0022494-LCA)	**Chartered Accountant**
Chartered Accountants	

Penang

Date: 25 October 2024

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	NOTE	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	54,999,520	55,405,348
Right-of-use assets	4	7,776,426	7,992,938
		62,775,946	63,398,286
Current assets			
Inventories	5	1,179,257	1,244,890
Trade receivables	6	8,192,638	3,881,146
Other receivables, deposits and prepayments	7	444,359	570,841
Current tax assets		35,552	114,187
Cash and bank balances	8	81,515	605,969
		9,933,321	6,417,033
TOTAL ASSETS		72,709,267	69,815,319
EQUITY AND LIABILITIES			
Share capital	9	4,520,000	4,520,000
Capital contribution reserves	10	11,151,828	10,815,927
Retained profits	11	2,608,813	4,250,329
Total equity		18,280,641	19,586,256
Non-current liability			
Amount due to holding company	12	12,992,863	25,250,280
Current liabilities			
Trade payables	13	942,387	558,528
Other payables and accruals	14	1,867,428	1,799,429
Amount due to holding company	12	38,625,948	22,549,699
Borrowing	15	-	71,127
		41,435,763	24,978,783
Total liabilities		54,428,626	50,229,063
TOTAL EQUITY AND LIABILITIES		72,709,267	69,815,319

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

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	NOTE	2024 RM	2023 RM
Revenue	16	**38,044,551**	41,379,944
Cost of sales		**(33,883,866)**	(38,121,599)
Gross profit		**4,160,685**	3,258,345
Other income	17	**602,556**	1,104,548
Administrative expenses		**(4,206,811)**	(3,910,595)
Operating profit		**556,430**	452,298
Finance income	18	**21,024**	16,103
Finance costs	19	**(2,210,060)**	(2,125,136)
Loss before tax	20	**(1,632,606)**	(1,656,735)
Taxation	21	**(8,910)**	(2,877)
Net loss, representing total comprehensive loss for the financial year		**(1,641,516)**	(1,659,612)

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

Registration No. 199101019061 (229373-P)

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

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

	NOTE	Share Capital RM	Non-distributable Capital Contribution Reserve RM	Distributable Retained Profits RM	Total Equity RM
2024					
Balance at beginning		**4,520,000**	**10,815,927**	**4,250,329**	**19,586,256**
Total comprehensive loss for the financial year		**-**	**-**	**(1,641,516)**	**(1,641,516)**
Transaction with owner of the Company:					
Recognition of equity-settled shared-based payment	**10**	**-**	**335,901**	**-**	**335,901**
Balance at end		**4,520,000**	**11,151,828**	**2,608,813**	**18,280,641**
2023					
Balance at beginning		4,520,000	9,970,306	5,909,941	20,400,247
Total comprehensive loss for the financial year		-	-	(1,659,612)	(1,659,612)
Transactions with owner of the Company:					
Recognition of equity-settled shared-based payment	10	-	845,621	-	845,621
Balance at end		4,520,000	10,815,927	4,250,329	19,586,256

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

Registration No. 199101019061 (229373-P)

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	NOTE	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,632,606)**	(1,656,735)
Adjustments for:			
Depreciation of:			
- property, plant and equipment		**5,572,550**	5,394,799
- right-of-use assets		**392,322**	186,634
ESS expenses		**335,901**	845,621
Gain on disposal of property, plant and equipment		**-**	(3,006)
Interest expenses		**2,210,060**	2,125,136
Interest income		**(21,024)**	(16,103)
Inventories written down:			
- addition		**154,555**	-
- reversal		**(930)**	(454)
Property, plant and equipment written off		**3,971**	31,272
Unrealised loss/(gain) on foreign exchange		**28,992**	(8,316)
Operating profit before working capital changes		**7,043,791**	6,898,848
Changes in:			
Inventories		**(87,992)**	437,933
Receivables		**(4,214,002)**	5,116,052
Payables		**451,858**	(3,836,229)
Cash generated from operations		**3,193,655**	8,616,604
Income tax paid		**(4,010)**	(11,330)
Income tax refunded		**73,735**	-
Interest paid		**(1,227)**	(41,331)
Net cash from operating activities		**3,262,153**	8,563,943
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(5,170,693)**	(13,665,886)
Acquisition of right-of-use assets		**(175,810)**	(4,052,221)
Interest received		**21,024**	16,103
Proceeds from disposal of property, plant and equipment		**-**	6,399
Net cash used in investing activities		**(5,325,479)**	(17,695,605)

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

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	NOTE	2024 RM	2023 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities	A	(71,127)	(1,565,826)
Net change in holding company's balance	A	1,609,999	10,986,097
Net cash from financing activities		1,538,872	9,420,271
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES		(524,454)	288,609
CASH AND BANK BALANCES AT BEGINNING		605,969	317,360
CASH AND BANK BALANCES AT END		81,515	605,969

A. Reconciliation of liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statement of financial position for total liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Unwinding of discount on amount due to holding company RM	Balance at end RM
2024				
Lease liabilities	71,127	(71,127)	-	-
Amount due to holding company	47,799,979	1,609,999	2,208,833	51,618,811
Total liabilities arising from financiang activities	47,871,106	1,538,872	2,208,833	51,618,811
2023				
Lease liabilities	1,636,953	(1,565,826)	-	71,127
Amount due to holding company	34,730,077	10,986,097	2,083,805	47,799,979
Total liabilities arising from financiang activities	36,367,030	9,420,271	2,083,805	47,871,106

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

SCOPE MANUFACTURERS (M) SDN. BHD.
Registration No. 199101019061 (229373-P)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2024

1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company remain unchanged and consist of manufacturing and assembling of electronic and electrical components and products.

The Company is a wholly-owned subsidiary of Scope Industries Berhad, a company incorporated and domiciled in Malaysia and whose shares are quoted on the ACE Market of Bursa Malaysia Securities Berhad.

The directors regard Scope Industries Berhad as the ultimate holding company.

The registered office of the Company are located at Suite 16.06, MWE Plaza, No. 8 Lebuh Farquhar, 10200 George Town, Pulau Pinang.

The principal place of business of the Company are located at Lot 6181, Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 October 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Company are prepared under the historical cost convention.

During the financial year, the Company has incurred a net loss of RM1,641,516. The statement of financial position of the Company as at the end of the reporting period shows a deficiency in working capital of RM31,502,442.

The holding company has agreed to provide continuing financial support for the Company to meet its obligations as and when they fall due.

In view of this, the directors consider that it is appropriate to prepare the financial statements of the Company on a going-concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that may be necessary if the Company were unable to continue as a going concern.

2.3 **Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.4 **Adoption of New Standard/Amendments to MFRSs**

The accounting policies adopted by the Company are consistent with those of the previous financial years except for the adoption of the following new standard/amendments to MFRSs that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2023
MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules

Initial application of the above new standard/amendments to MFRSs did not have material impact to the financial statements upon adoption, except for *Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies.* The amendments change the requirements in *MFRS 101* with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in *MFRS 101* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board ("MASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Company's financial statements.

2.5 **Standards Issued But Not Yet Effective**

The following are accounting standards that have been issued by the MASB but are not yet effective for the Company:

Effective for annual periods beginning on or after 1 January 2024
Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for annual period beginning on or after 1 January 2025
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Effective for annual period beginning on or after 1 January 2026
Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments Disclosures - Classification and Measurement of Financial Instruments
Annual Improvements to MFRS Accounting Standards – Volume 11

Effective for annual periods beginning on or after 1 January 2027
MFRS 18 Presentation and Disclosure in Financial Statements
MFRS 19 Subsidiaries without Public Accountability: Disclosure

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above new standards/amendments to MFRSs is not expected to have any material impact to the financial statements of the Company upon adoption, except for *MFRS 18 Presentation and Disclosure in Financial Statements.*

MFRS 18 introduces new requirements on presentation within the statements of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to *MFRS 107 Statement of Cash Flows* and *MFRS 134 Interim Financial Reporting.*

The amendments will have an impact on the Company's presentation of statement of comprehensive income, statement of cash flows and additional disclosures in the notes to the financial statements but not on the measurement or recognition of any items in the Company's financial statements.

The Company is currently assessing the impact of *MFRS 18* and plans to adopt the new standard on the required effective date.

2.6. Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Useful lives of depreciable assets**

Plant and machinery

Plant and machinery are depreciated on a straight-line basis over their estimated useful lives. Management estimates that the useful life of the plant and machinery to be within 8 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

The carrying amount and depreciation charges of plant and machinery is disclosed in Note 3 to the financial statements.

(ii) **Impairment of property, plant and equipment**

The Company performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

The carrying amount of plant and equipment is disclosed in Note 3 to the financial statements. No impairment losses are provided for plant and equipment during the financial year.

(iii) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

The carrying amount of the Company's inventories as at the end of the reporting period is disclosed in Note 5 to the financial statements.

(iv) **Provision for expected credit loss ("ECL") of receivables**

The Company uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The expected credit losses is sensitive to changes in circumstances and forecast of economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Company's trade receivables is disclosed in Note 24.3 to the financial statements.

Registration No. 199101019061 (229373-P)

3. **PROPERTY, PLANT AND EQUIPMENT**

	Factory buildings RM	Plant and machinery RM	Renovation and electrical installation RM	Office equipment, furniture and fittings RM	Solar PV system RM	Motor vehicles RM	Capital work-in progress RM	Total RM
2024								
At cost								
Balance at beginning	15,531,442	48,778,612	2,240,978	7,167,020	1,813,844	1,330,774	16,905,577	93,768,247
Additions	18,400	2,331,828	18,335	497,196	1,165,000	29,800	1,110,134	5,170,693
Written offs	-	(58,650)	-	(1,280,353)	-	-	-	(1,339,003)
Reclassification	-	-	-	(1,511,788)	-	-	1,511,788	-
Balance at end	15,549,842	51,051,790	2,259,313	4,872,075	2,978,844	1,360,574	19,527,499	97,599,937
Accumulated depreciation								
Balance at beginning	5,094,232	28,197,001	1,310,049	3,185,250	196,499	379,868	-	38,362,899
Current charge	505,125	4,218,566	132,457	404,698	191,093	120,611	-	5,572,550
Written offs	-	(56,141)	-	(1,278,891)	-	-	-	(1,335,032)
Balance at end	5,599,357	32,359,426	1,442,506	2,311,057	387,592	500,479	-	42,600,417
Carrying amount	9,950,485	18,692,364	816,807	2,561,018	2,591,252	860,095	19,527,499	54,999,520

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	Factory buildings RM	Plant and machinery RM	Renovation and electrical installation RM	Office equipment, furniture and fittings RM	Solar PV system RM	Motor vehicles RM	Capital work-in progress RM	Total RM
2023								
At cost								
Balance at beginning	15,531,442	39,648,200	1,967,420	6,330,558	1,813,844	678,605	14,609,619	80,579,688
Additions	-	9,540,209	273,558	836,462	-	719,699	2,295,958	13,665,886
Disposals	-	(367,000)	-	-	-	(33,915)	-	(400,915)
Written offs	-	(42,797)	-	-	-	(33,615)	-	(76,412)
Balance at end	15,531,442	48,778,612	2,240,978	7,167,020	1,813,844	1,330,774	16,905,577	93,768,247
Accumulated depreciation								
Balance at beginning	4,783,603	24,262,002	1,181,536	2,822,481	15,115	346,025	-	33,410,762
Current charge	310,629	4,315,483	128,513	362,769	181,384	96,021	-	5,394,799
Disposals	-	(366,998)	-	-	-	(30,524)	-	(397,522)
Written offs	-	(13,486)	-	-	-	(31,654)	-	(45,140)
Balance at end	5,094,232	28,197,001	1,310,049	3,185,250	196,499	379,868	-	38,362,899
Carrying amount	10,437,210	20,581,611	930,929	3,981,770	1,617,345	950,906	16,905,577	55,405,348

The carrying amount of plant and machinery amounting to **RM Nil** (2023: RM418,979) which are pledged to a licensed bank as securities for finance lease liability as disclosed in Note 15 to the financial statements.

Material accounting policy information

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

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Factory buildings	2%
Plant and machinery	10% - 12.5%
Renovation and electrical installation	10%
Office equipment, furniture and fittings	10%
Solar photovoltaic ("PV") system	10%
Motor vehicles	10% - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress is not depreciated until the assets are ready for their intended use

4. RIGHT-OF-USE ASSETS

As a lessee

The Company recognised leasehold land as right-of-use assets with lease period of 16 to 29 years.

The Company also has certain leases of hostel and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and their movements during the financial year:

	Leasehold land	
	2024	2023
	RM	RM
At cost		
Balance at beginning	**9,026,974**	4,974,753
Addition	**175,810**	4,052,221
Balance at end	**9,202,784**	9,026,974
Accumulated depreciation		
Balance at beginning	**1,034,036**	847,402
Depreciation	**392,322**	186,634
Balance at end	**1,426,358**	1,034,036
Carrying amount	**7,776,426**	7,992,938

In prior financial year, the Company has entered into a Sale and Purchase Agreement with a third party to acquire a piece of leasehold industrial land amounting to RM4,052,221. The acquisition has been completed in the prior financial year.

The following amounts are recognised in profit or loss:

	2024 **RM**	2023 RM
Depreciation of right-of-use assets	**392,322**	186,634
Expense relating to short-term leases	**22,300**	172,824
Expense relating to lease of low-value assets	**74,856**	92,252
Total amount recognised in profit or loss	**489,478**	451,710

The total cash outflows for leases during the financial year is **RM97,156** (2023: RM265,076).

Material accounting policy information

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Leasehold land is depreciated on a straight-line basis over their lease term of 16 to 29 years.

5. INVENTORIES

	2024 **RM**	2023 RM
At cost:		
Raw materials	**1,008,240**	1,041,040
Finished goods	**171,017**	203,850
	1,179,257	1,244,890
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	**33,730,241**	38,122,053
Inventories written down:		
- addition	**154,555**	-
- reversal	**(930)**	(454)

The reversal of inventories written down was made during the financial year when the related inventories were used for production.

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on the first-in, first-out basis.

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6. TRADE RECEIVABLES

The currency profile of trade receivables is as follows:

	2024 RM	2023 RM
Ringgit Malaysia ("RM")	**66,912**	111,685
United States Dollar ("USD")	**8,125,726**	3,769,461
	8,192,638	3,881,146

The trade receivables are non-interest bearing and are generally on **30 to 45 days** (2023: 30 to 45 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RM	2023 RM
Other receivables	**15,353**	5,343
Deposits:		
- Non-refundable	**-**	104,734
- Refundable	**157,600**	163,640
Prepayments	**271,406**	297,124
	444,359	570,841

8. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	2024 RM	2023 RM
RM	**60,250**	566,012
USD	**21,265**	39,957
	81,515	605,969

9. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2024	2023	**2024 RM**	2023 RM
Issued and fully paid with no par value	**3,220,000**	3,220,000	**4,520,000**	4,520,000

10. CAPITAL CONTRIBUTION RESERVES

	NOTE	2024 RM	2023 RM
Non-distributable:			
Deemed capital contribution	**10.1**	**8,553,080**	8,553,080
Equity-settled share-based payment	**10.2**	**2,598,748**	2,262,847
		11,151,828	10,815,927

10.1 Being the present value effect of discounting the amount due to holding company which was recognised as additional contribution by the holding company.

10.2 The equity-settled share-based payment represents the fair value of equity-settled shares/share options of the holding company granted to the employees and directors of the Company. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the shares/share options.

	2024 RM	2023 RM
Balance at beginning	**2,262,847**	1,417,226
Recognition of equity-settled share-based payment	**335,901**	845,621
Balance at end	**2,598,748**	2,262,847

11. RETAINED PROFITS

The franking of dividends is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

12. AMOUNT DUE TO HOLDING COMPANY

	2024 RM	2023 RM
Non-current liability	**12,992,863**	25,250,280
Current liability	**38,625,948**	22,549,699
	51,618,811	47,799,979

The amount due to holding company is discounted to net present value using the prevailing effective interest rate of 6.00% per annum. The expected timing of repayment to holding company is disclosed in Note 24.4 to the financial statements.

The amount due to holding company is non-trade related, unsecured, non-interest bearing and classified based on their expected timing of repayment.

13. TRADE PAYABLES

The currency profile of trade payables is as follows:

	2024 RM	2023 RM
RM	**942,387**	555,728
USD	**-**	2,800
	942,387	558,528

The trade payables are non-interest bearing and normally on **30 to 60 days** (2023: 30 to 60 days) credit terms.

14. OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Other payables	**215,387**	375,776
Accruals	**1,652,041**	1,423,653
	1,867,428	1,799,429

15. BORROWING

	2024 RM	2023 RM
Current liabilities		
Finance lease liability	**-**	71,127

The effective interest rate of the finance lease liability is **Nil** (2023: 3.40%) per annum.

16. REVENUE

16.1 Disaggregated revenue information

	2024 RM	2023 RM
Sales of electronic and electrical components and products, representing total revenue from contracts with customers	**38,044,551**	41,379,944
Geographical markets:		
Malaysia	**367,149**	2,712,219
Taiwan	**37,677,402**	38,667,725
Total revenue from contracts with customers	**38,044,551**	41,379,944

16.2 **Timing of revenue recognition**

Revenue is recognised at a point in time upon satisfaction of performance obligation which is upon delivery of goods to customers.

16.3 **Contract balance**

	2024 **RM**	2023 RM
Trade receivables (Note 6)	**8,192,638**	3,881,146

16.4 **Performance obligation**

The performance obligation to recognise revenue are as follows:

Sales of electronic and electrical components and products

Revenue from sales of electronic and electrical components and products is recognised at a point in time when control of the components and products has been transferred to the customers. Generally, control is transferred upon delivery of the components and products to a location specified by the customer and acceptance of the goods have been acknowledged by the customer.

17. OTHER INCOME

	2024 **RM**	2023 RM
Gain on disposal of property, plant and equipment	-	3,006
Miscellaneous	**208,194**	479,446
Realised gain on foreign exchange	**143,395**	310,582
Scrap sales	**250,967**	303,198
Unrealised gain on foreign exchange	-	8,316
	602,556	1,104,548

18. FINANCE INCOME

	2024 **RM**	2023 RM
Interest income from a licensed financial institution	**21,024**	16,103

19. FINANCE COSTS

	2024 **RM**	2023 RM
Interest expenses on:		
- bank overdraft	**169**	150
- finance lease liability	**1,058**	41,181
- unwinding of discount on amount due to holding company	**2,208,833**	2,083,805
	2,210,060	2,125,136

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20. LOSS BEFORE TAX

This is arrived at:

	2024 RM	2023 RM
After charging:		
Audit fee	**31,000**	30,000
Depreciation of:		
- property, plant and equipment	**5,572,550**	5,394,799
- right-of-use assets	**392,322**	186,634
Directors' fee	**90,000**	-
Inventories written down:		
- addition	**154,555**	-
- reversal	**(930)**	(454)
Property, plant and equipment written off	**3,971**	31,272
* Staff costs	**22,312,352**	22,084,267
Unrealised loss on foreign exchange	**28,992**	-

*** Staff costs**		
- Salaries, wages, bonus and allowances	**20,030,462**	19,369,162
- Defined contribution plan ("EPF")	**1,647,235**	1,572,834
- Social security contribution ("SOCSO") and employment insurance scheme ("EIS")	**298,754**	296,650
- Equity-settled share-based payment	**335,901**	845,621
	22,312,352	22,084,267

Included in the staff costs is directors' emoluments as shown below:

	2024 RM	2023 RM
- Salaries, wages, bonus and allowances	**1,448,720**	1,455,720
- EPF	**232,380**	177,480
- SOCSO and EIS	**1,040**	1,005
- Equity-settled share-based payment	**257,221**	434,379
	1,939,361	2,068,584

21. TAXATION

	2024 RM	2023 RM
Malaysian income tax:		
Under provision of current tax in prior year	**(8,910)**	(2,877)

The reconciliation of tax expenses of the Company is as follows:

	2024 RM	2023 RM
Loss before tax	**(1,632,606)**	(1,656,735)
Income tax at Malaysian statutory tax rate of 24%	**391,825**	397,616
Income not subject to tax	**-**	4,522
Expenses not deductible for tax purposes	**(847,523)**	(807,713)
Utilisation of unused tax losses and unabsorbed capital allowances	**455,698**	405,575
	-	-
Under provision in prior year	**(8,910)**	(2,877)
	(8,910)	(2,877)

The following deferred tax assets have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised. As at the end of the reporting period, the Company's deferred tax position is as follows:

	2024 RM	2023 RM
Deferred tax recognised:		
Property, plant and equipment	**18,501,952**	15,376,502
Unabsorbed capital allowances	**(5,628,188)**	(4,400,549)
Unabsorbed reinvestment allowance	**(12,873,764)**	(10,975,953)
	-	-
Deferred tax assets not recognised:		
Unused tax losses	**(4,493,238)**	(4,493,238)
Unabsorbed reinvestment allowance	**(7,864,195)**	(9,762,006)
Others	**(885,618)**	(886,547)
	(13,243,051)	(15,141,791)

The gross amount and future availability of unused tax losses and unabsorbed capital allowances and reinvestment allowance which are available to be carried forward for set-off against future taxable income are estimated as follows:

	2024 RM	2023 RM
Unused tax losses	**4,493,238**	4,493,238
Unabsorbed capital allowances	**5,628,188**	4,400,549
Unabsorbed reinvestment allowance	**20,737,959**	20,737,959

The unused tax losses can be carried forward for ten consecutive years of assessment ("YAs") immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2019. The unabsorbed reinvestment allowance can be utilised for seven consecutive YAs from the expiry of the eligibility period of 15 years while the unabsorbed capital allowances can be carried forward indefinitely.

The unused tax losses and unabsorbed reinvestment allowance will be disregarded in the following YA:

	2024 RM	2023 RM
Unused tax losses		
YA 2030	**2,199,900**	2,199,900
YA 2031	**2,293,338**	2,293,338
	4,493,238	4,493,238
Unabsorbed reinvestment allowance		
YA 2026	**15,167,642**	15,167,642
YA 2032	**5,570,317**	5,570,317
	20,737,959	20,737,959

22. **CAPITAL COMMITMENT**

	2024 RM	2023 RM
Property, plant and equipment		
- Contracted but not provided for	-	3,121,065
Analysis of capital commitments:		
Buildings	-	498,457
Plant and machinery	-	1,680,000
Solar PV system	-	942,608
	-	3,121,065

23. **RELATED PARTY DISCLOSURES**

(i) **Identify related parties**

The Company has related party relationship with its holding company, key management personnel and the following party:

Related party		**Relationship**
Inventec Appliances Corp. ("IAC")	:	A substantial shareholder of the Company

(ii) **Related party transactions**

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	2024 RM	2023 RM
Sales to IAC	**37,677,402**	40,924,898
Net advance from holding company	**1,610,000**	11,000,000

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(iii) **Compensation of key management personnel**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The Company has no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 20 to the financial statements.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
2024		
Financial assets		
Trade receivables	**8,192,638**	**8,192,638**
Other receivables and refundable deposits	**172,953**	**172,953**
Cash and bank balances	**81,515**	**81,515**
	8,447,106	**8,447,106**
Financial liabilities		
Trade payables	**942,387**	**942,387**
Other payables and accruals	**1,867,428**	**1,867,428**
Amount due to holding company	**51,618,811**	**51,618,811**
	54,428,626	**54,428,626**
2023		
Financial assets		
Trade receivables	3,881,146	3,881,146
Other receivables and refundable deposits	168,983	168,983
Cash and bank balances	605,969	605,969
	4,656,098	4,656,098
Financial liabilities		
Trade payables	558,528	558,528
Other payables and accruals	1,799,429	1,799,429
Amount due to holding company	47,799,979	47,799,979
Borrowing	71,127	71,127
	50,229,063	50,229,063

24.2 **Financial risk management**

The Company is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative activities.

24.3 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk arises principally from its trade receivables.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company extends to its existing customers credit terms that range between **30 to 45 days** (2023: 30 to 45 days). In deciding whether credit terms shall be extended, the Company will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Company subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Company's exposure to bad debts is not significant.

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

The ageing analysis of trade receivables of the Company as at the end of the reporting period is as follows:

	2024	2023
	RM	RM
Not past due	**8,158,334**	3,839,443
1 to 30 days past due	**34,304**	41,703
	8,192,638	3,881,146

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Company has trade receivables amounting to **RM34,304** (2023: RM41,703) that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

The Company has concentration of credit risk on **1 customer** (2023: 1 customer) which represents **99%** (2023: 97%) of total trade receivables.

Maximum exposure to credit risk

The Company regards the entire trade receivables to be low risk as there is minimal overdue balances.

In managing the credit risk of the trade receivables, the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Company measures the allowance for expected credit losses ("ECL") of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as gross domestic product rate has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Company does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Company's financial statements is not material.

24.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash equivalents, banking facilities and financial support from its holding company to meet its working capital requirements.

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
2024					
Non-derivative financial liabilities					
Trade payables	942,387	942,387	942,387	-	-
Other payables and accruals	1,867,428	1,867,428	1,867,428	-	-
Amount due to holding company	51,618,811	56,122,233	41,570,227	14,552,006	-
Total undiscounted financial liabilities	54,428,626	58,932,048	44,380,042	14,552,006	-

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	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
2023					
Non-derivative financial liabilities					
Trade payables	558,528	558,528	558,528	-	-
Other payables and accruals	1,799,429	1,799,429	1,799,429	-	-
Amount due to holding company	47,799,979	48,579,550	20,255,110	13,772,434	14,552,006
Borrowing	71,127	72,185	72,185	-	-
Total undiscounted financial liabilities	50,229,063	51,009,692	22,685,252	13,772,434	14,552,006

24.5 Interest rate risk

The Company's fixed rate instrument is exposed to a risk of change in its fair value due to changes in interest rates.

The interest rate profile of the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	2024 RM	2023 RM
Fixed rate instrument		
Financial liabilities	-	71,127

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

24.6 Foreign currency risk

The objectives of the Company's foreign exchange policies are to allow the Company to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Company to unnecessary foreign exchange risks.

The Company is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Company. The Company also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk is primarily United States Dollar ("USD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss before tax and equity to a reasonably possible change in the USD against the functional currency of the Company, with all other variables held constant.

	2024 **RM**	2023 RM
Decrease in loss before tax	**814,051**	380,662
Decrease in equity	**619,171**	289,303

24.7 **Fair value information**

The carrying amounts of the cash and bank balances, short term receivables and payables of the Company as at the end of the reporting period approximate their fair values due to their short-term nature or have been discounted to present value using the prevailing interest rate.

The carrying amounts of the non-current portion of finance lease liability is reasonable approximation of fair value due to its insignificant impact of discounting.

25. **CAPITAL MANAGEMENT**

The primary objective of the Company's capital management policy is to maintain a strong capital base to support its business and to maximise shareholders value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Company. The Company may adjust the capital structure by issuing new shares, returning capital to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Company receives financial support from its holding company to meet its working capital requirements.

There were no external capital requirements imposed on the Company as at the end of the reporting period.