



感恩·关怀  
*Gratitude & Care*

ANNUAL REPORT 2022

# PURPOSE

**To contribute to the advancement of society and well-being of humankind through compassionate innovation.**

The Purpose statement of ViTrox reflects the soul of the company. It is the embodiment of our spirit and energy for our existence. We strive to achieve sustainable growth and profitability in our business yet we are mindful not to be overly attached to the material gains. We want to contribute back to the society that we are part of the force for good to shape this world into a harmonious and peaceful world for everyone.

This is achieved through compassionate innovation, which entails the spirit of love, care, empathy, and altruism. The innovations that we create through research and development shall bring about advancement and breakthroughs in technology that create leading-edge solutions for humankind.

# VISION

**Be the world's most trusted technology company.**

We aspire to be trusted by all our stakeholders — customers, employees, suppliers, investors, and the community, by practising and upholding our I.A.C.T.G. core values. We intend to earn and maintain a high level of trust with the altruistic spirit in our relationship with them.

By consistently delivering what we promise, they see ViTrox as the most credible and reliable company to work with. We conduct our business with uncompromised integrity and with the utmost respect for our stakeholders so that they feel comfortable and confident in our relationships.

# MISSION

**We are committed to providing the most innovative, advanced and cost effective machine vision solution of excellent quality to our customers through integration of our technology, our people and our strategic alliances.**

# CORE VALUES



# OBJECTIVES

We aim to achieve:-

- Excellent & world class products and services
- Total customer satisfaction
- Continuous growth and profitability
- Long-term partnership with our customers, alliances and employees

# STRATEGIES

## INNOVATION

Initiate new ideas and technological breakthroughs. We believe thinking "outside the box" leads to innovation.

## CUSTOMER FOCUSED

Make our customers our first priority. We offer our customers the best value products and services in a timely manner, without sacrificing quality.

## CONTINUOUS IMPROVEMENT

Continuously improve our products, services, and our organisation as a whole.



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## COVER RATIONALE



This year's Annual Report and Sustainability Report covers are designed as a set that aptly portrays ViTrox as an Environmental, Social and Governance ("ESG") driven organisation backed by its core values. With the theme "Gratitude & Care", the Annual Report features two hands forming the shape of a heart, symbolic of love and appreciation. The gesture of a hand reaching out to another on the Sustainability Report is symbolic of care and kindness. These are all hands from people of different ethnicities as ViTrox is a community that embraces diversity.

The supportive arms spread across both covers feature a montage of images that offers a glimpse into the caring, innovative and passionate culture of ViTrox. Campus 3.0 can be seen clearly in the background, signifying the company's continuous growth and thriving future.

## GLOBAL PRESENCE

With robust growth and a promising outlook, we set up an office in Suzhou, China, in 2006. We continue to expand our market leadership and footprint globally. From our humble beginning until now, we are grateful to have engaged with many supportive and trusted collaboration partners to assist us in providing worldwide sales and support.



**793**  
**WORLDWIDE**  
Installed Base  
by Product

**45+**  
**WORLDWIDE**  
Sales &  
Support Sites

**265,146**  
Total  
Products Sold  
(2000-2022)

**RM750.2  
MILLION**  
Revenue

**RM200.3  
MILLION**  
Profit After Tax

**RM67.5  
MILLION**  
R&D Expenditure



**83+ AWARDS**  
Corporate,  
Human Resources  
& Products

**54+  
WORLDWIDE**  
Sales Channel  
Partners

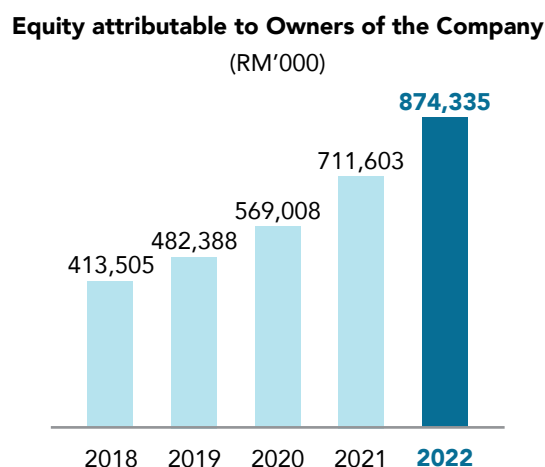
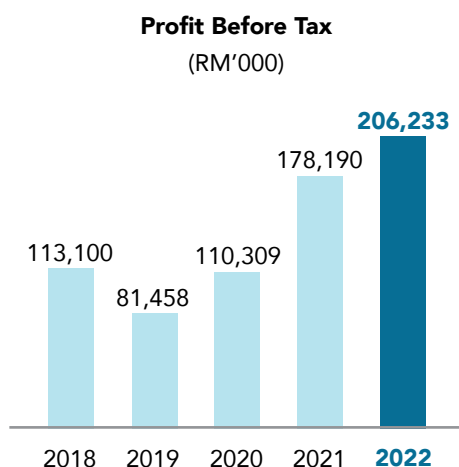
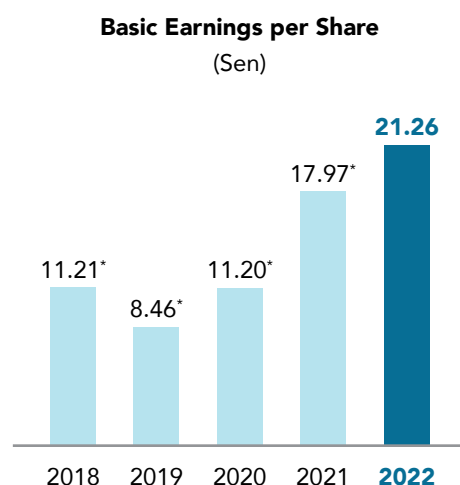
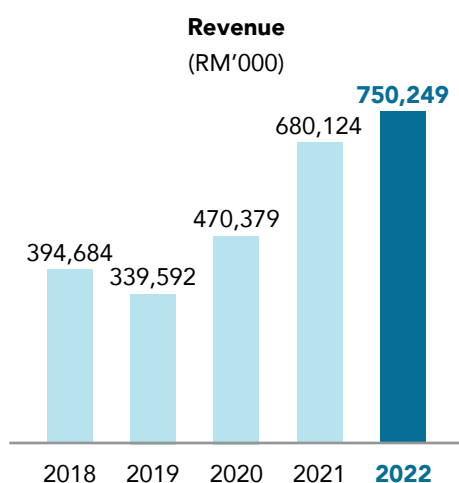
**★★★★**  
**ESG RATING**  
by FTSE Russell

**30  
ESG GOALS**  
Set

# FINANCIAL HIGHLIGHTS

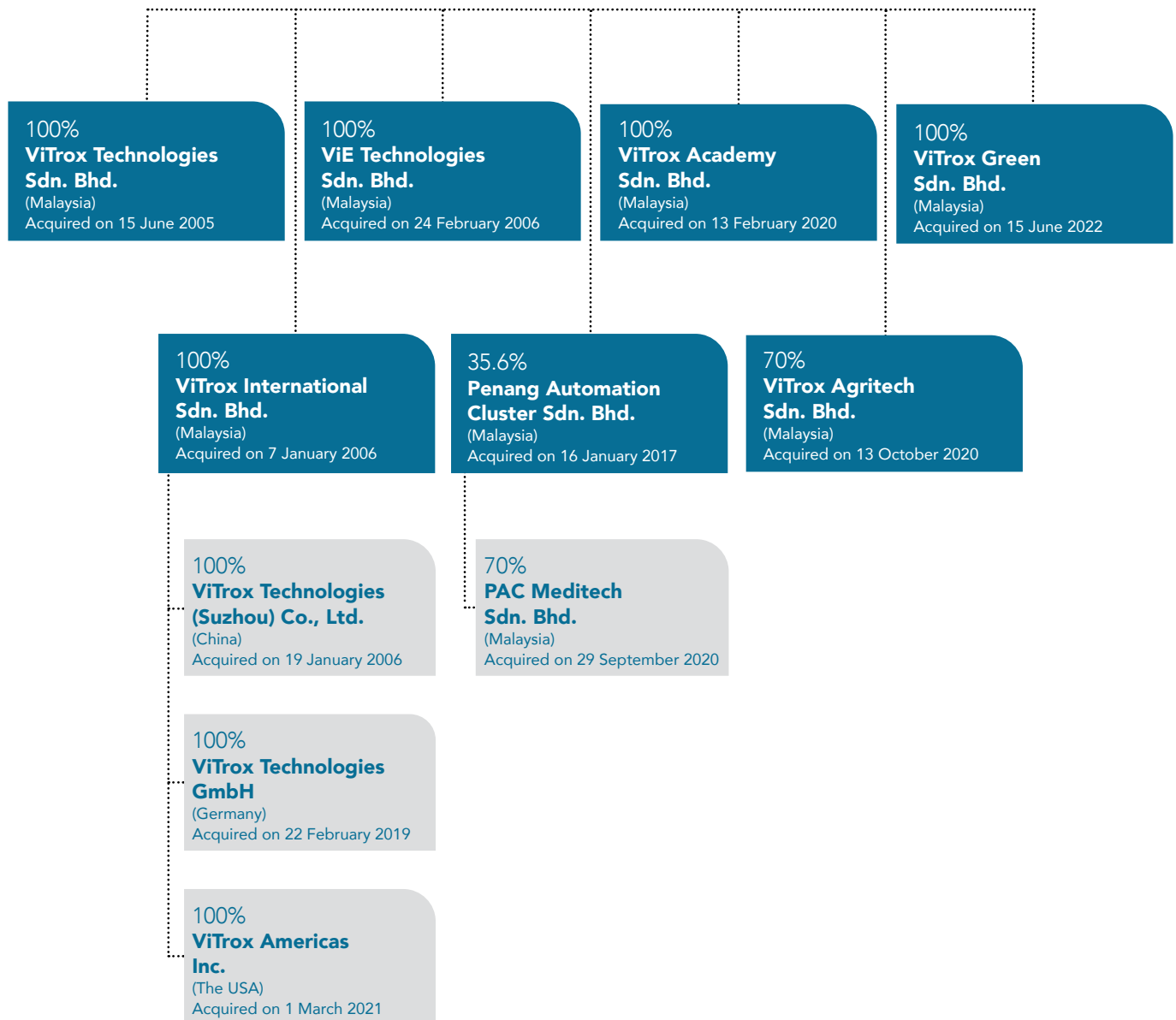
	2018	2019	2020	2021	2022
Revenue (RM'000)	394,684	339,592	470,379	680,124	750,249
Profit Before Tax (RM'000)	113,100	81,458	110,309	178,190	206,233
Profit After Tax (RM'000)	105,484	79,651	105,620	169,398	200,320
Profit attributable to Owners of the Company (RM'000)	105,484	79,651	105,621	169,664	200,816
Basic Earnings per Share (Sen)	11.21*	8.46*	11.20*	17.97*	21.26
Equity attributable to Owners of the Company (RM'000)	413,505	482,388	569,008	711,603	874,335
Return on Equity	25.5%	16.5%	18.6%	23.8%	22.9%

\* The calculation of basic earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue in 2022.



# CORPORATE STRUCTURE

## AS AT 6 APRIL 2023





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Seri Dr. Kiew Kwong Sen**  
Chairman / Non-Independent  
Non-Executive Director<sup>3</sup>

**Chu Jenn Weng**  
Managing Director /  
President / CEO

**Siaw Kok Tong**  
Executive Director /  
Executive Vice President

**Yeoh Shih Hoong**  
Executive Director /  
Executive Vice President

**Chuah Poay Ngee**  
Non-Independent  
Non-Executive Director<sup>3</sup>

**Datuk Ir. Dr. Ahmad Fadzil  
Bin Mohamad Hani**  
Non-Independent  
Non-Executive Director<sup>3</sup>

**Mary Yeo Chew Yen**  
Independent Non-Executive Director

**Dato' Prof. Dr. See Ching Mey**  
Independent Non-Executive Director<sup>2</sup>

**Emelia Binti Matrahah**  
Independent Non-Executive Director<sup>2</sup>

## AUDIT COMMITTEE

Mary Yeo Chew Yen (Chairman)<sup>2</sup>  
Dato' Seri Dr. Kiew Kwong Sen  
Chuah Poay Ngee<sup>3</sup>  
Dato' Prof. Dr. See Ching Mey<sup>2</sup>  
Emelia Binti Matrahah<sup>2</sup>  
Datuk Ir. Dr. Ahmad Fadzil Bin  
Mohamad Hani<sup>4</sup>

## NOMINATING COMMITTEE

Datuk Ir. Dr. Ahmad Fadzil Bin  
Mohamad Hani (Chairman)<sup>3</sup>  
Dato' Seri Dr. Kiew Kwong Sen  
Mary Yeo Chew Yen<sup>2</sup>  
Dato' Prof. Dr. See Ching Mey<sup>2</sup>  
Emelia Binti Matrahah<sup>2</sup>  
Chuah Poay Ngee<sup>4</sup>

## REMUNERATION COMMITTEE

Chuah Poay Ngee (Chairman)<sup>2</sup>  
Dato' Seri Dr. Kiew Kwong Sen<sup>3</sup>  
Mary Yeo Chew Yen  
Dato' Prof. Dr. See Ching Mey<sup>2</sup>  
Emelia Binti Matrahah<sup>2</sup>  
Chu Jenn Weng<sup>4</sup>

## ESOS COMMITTEE

Datuk Ir. Dr. Ahmad Fadzil  
Bin Mohamad Hani (Chairman)  
Dato' Seri Dr. Kiew Kwong Sen  
Chu Jenn Weng  
Siaw Kok Tong  
Yeoh Shih Hoong

## RISK MANAGEMENT COMMITTEE

Yeoh Shih Hoong (Chairman)  
Chu Jenn Weng  
Siaw Kok Tong  
Lim Kim Seng<sup>1</sup>  
Wee Kah Khim<sup>1</sup>

## EXECUTIVE COMMITTEE

Chu Jenn Weng (Chairman)  
Siaw Kok Tong  
Yeoh Shih Hoong

## ANTI-BRIBERY COMPLIANCE COMMITTEE

Lim Kim Seng (Chairman)  
Chu Jenn Weng  
Siaw Kok Tong  
Yeoh Shih Hoong  
Wee Kah Khim  
Johnny Leong Chee Kwan

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE STEERING COMMITTEE

Chu Jenn Weng (Chairman)  
Siaw Kok Tong  
Yeoh Shih Hoong  
Lim Kim Seng  
Wee Kah Khim

## SHARE GRANT SCHEME COMMITTEE

Chu Jenn Weng (Chairman)  
Siaw Kok Tong  
Yeoh Shih Hoong  
Lim Kim Seng  
Wee Kah Khim

## COMPANY SECRETARIES

How Wee Ling  
MAICSA 7033850 /  
SSM PC NO.: 202008000869  
Ooi Ean Hoon  
MAICSA 7057078 /  
SSM PC NO.: 202008000734

## REGISTERED OFFICE

57-G, Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang  
Tel : 604 640 8933  
Fax : 604 643 8911

## HEAD OFFICE

746, Persiaran Cassia Selatan 3  
Batu Kawan Industrial Park  
14110 Bandar Cassia, Penang  
Tel : 604 545 9988  
Fax : 604 545 9987  
Website : [www.vitrox.com](http://www.vitrox.com)

## SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 603 2084 9000  
Fax : 603 2094 9940

## AUDITORS

Crowe Malaysia PLT  
Chartered Accountants  
Level 6, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang

## SOLICITORS

Zaid Ibrahim & Co

## PRINCIPAL BANKERS

Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
HSBC Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad  
OCBC Al-Amin Bank Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : VITROX  
Stock Code : 0097

Notes:-

<sup>1</sup> Appointed on 11 November 2022

<sup>2</sup> Appointed on 1 December 2022

<sup>3</sup> Re-designated on 1 December 2022

<sup>4</sup> Resigned on 1 December 2022



# BOARD OF DIRECTORS



From left to right:

1. **Dato' Prof. Dr. See Ching Mey**  
Independent Non-Executive Director<sup>1</sup>
2. **Chuah Poay Ngee**  
Non-Independent Non-Executive Director<sup>2</sup>
3. **Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani**  
Non-Independent Non-Executive Director<sup>2</sup>
4. **Siaw Kok Tong**  
Executive Director / Executive Vice President
5. **Dato' Seri Dr. Kiew Kwong Sen**  
Chairman / Non-Independent Non-Executive Director<sup>2</sup>
6. **Chu Jenn Weng**  
Managing Director / President / CEO
7. **Yeoh Shih Hoong**  
Executive Director / Executive Vice President
8. **Mary Yeo Chew Yen**  
Independent Non-Executive Director
9. **Emelia Binti Matrahah**  
Independent Non-Executive Director<sup>1</sup>

Notes:-

<sup>1</sup> Appointed on 1 December 2022

<sup>2</sup> Re-designated on 1 December 2022

# PROFILE OF DIRECTORS



**DATO' SERI  
DR. KIEW KWONG SEN**  
*Ph.D. (Hon), DPPN, DGPN, DSPN*  
*Chairman / Non-Independent*  
*Non-Executive Director*

**Age** : 75  
**Gender** : Male  
**Nationality** : Malaysian

**Date first appointed to the Board:**  
8 July 2005

## Qualification

1. Bachelor of Science in Mechanical Engineering Degree from National Taiwan University
2. Master of Science in Industrial Engineering Degree from the University of California, Berkeley, USA
3. Honorary Doctorate Degree by Toyohashi University of Technology

## Membership of Board Committee

1. Audit Committee (Member)
2. Nominating Committee (Member)
3. Remuneration Committee (Member)
4. ESOS Committee (Member)

## Working Experience

1. Product Line Manager, Hewlett-Packard (Malaysia) Sdn. Bhd. (1975-1984)
2. Offshore Manufacturing Manager, Hewlett Packard Component Group San Jose California (1984-1998)
3. President of Gibraltar Semiconductor (2000-present)
4. President of Mini-Circuits Malaysia, Taiwan and China (2000-present)

## Occupation

Director

## Present Appointment

1. Chairman and President of Mini-Circuits Technologies Malaysia
2. Chairman of Mini-Circuits Taiwan Ltd
3. President of Blue Cell Technologies, Sacramento, California
4. President of Gibraltar Semiconductor, San Jose, California
5. Director of ACX Ceramic Taiwan
6. Director of Penang Science Council and Penang Green Council
7. Director of Scientific Components Corporation, NY, USA

## Past Appointment

1. Independent Non-Executive Director of Pentamaster Corporation Berhad
2. Chairman / Independent Non-Executive Director of Unimech Group Berhad
3. Chairman of Board of Visitor, Island Hospital
4. Chairman of the Penang SME Management Council
5. Vice Chairman of Invest Penang Berhad
6. Director of Science Cluster Penang
7. Member of Penang Competitiveness Committee

## Any family relationship with any director and/or major shareholder of the listed issuer

No

## Any conflict of interests that the person has with the listed issuer

None

## Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

## Number of board meetings attended in the financial year

5/5

# PROFILE OF DIRECTORS

## Qualification

1. Bachelor Degree in Electrical and Electronics Engineering from the Universiti Sains Malaysia ("USM")
2. Master of Science in Image Processing from USM

## Membership of Board Committee

1. Executive Committee (Chairman)
2. Environmental, Social and Governance Steering Committee (Chairman)
3. Share Grant Scheme Committee (Chairman)
4. ESOS Committee (Member)
5. Risk Management Committee (Member)
6. Anti-Bribery Compliance Committee (Member)

## Working Experience

1. Specialist Engineer, Hewlett-Packard (Malaysia) Sdn. Bhd. (1993-1999)

## Occupation

Managing Director

## Present Appointment

None

## Past Appointment

None

## Any family relationship with any director and/or major shareholder of the listed issuer

No

## Any conflict of interests that the person has with the listed issuer

None

## Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

## Number of board meetings attended in the financial year

5/5



### CHU JENN WENG

*Managing Director / President / CEO*

**Age** : 53  
**Gender** : Male  
**Nationality** : Malaysian

**Date first appointed to the Board:**  
 7 July 2005



# PROFILE OF DIRECTORS



## SIAW KOK TONG

*Executive Director /  
Executive Vice President*

**Age** : 52  
**Gender** : Male  
**Nationality** : Malaysian

**Date first appointed to the Board:**  
7 July 2005

### Qualification

1. Bachelor Degree (First Class Honours) in Computer Science from USM

### Membership of Board Committee

1. ESOS Committee (Member)
2. Risk Management Committee (Member)
3. Executive Committee (Member)
4. Anti-Bribery Compliance Committee (Member)
5. Environmental, Social and Governance Steering Committee (Member)
6. Share Grant Scheme Committee (Member)

### Working Experience

1. Senior Engineer, Hewlett-Packard (Malaysia) Sdn. Bhd. (1995-1999)

### Occupation

Director

### Present Appointment

None

### Past Appointment

None

### Any family relationship with any director and/or major shareholder of the listed issuer

No

### Any conflict of interests that the person has with the listed issuer

None

### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

### Number of board meetings attended in the financial year

5/5

# PROFILE OF DIRECTORS



**YEOH SHIH HOONG**  
Executive Director /  
Executive Vice  
President

**Age**  
51

**Gender**  
Male

**Nationality**  
Malaysian

## Qualification

1. Bachelor Degree (First Class Honours) in Computer Science from USM

## Date first appointed to the Board

7 July 2005

## Membership of Board Committee

1. Risk Management Committee (Chairman)
2. ESOS Committee (Member)
3. Executive Committee (Member)
4. Anti-Bribery Compliance Committee (Member)
5. Environmental, Social and Governance Steering Committee (Member)
6. Share Grant Scheme Committee (Member)

## Working Experience

1. R&D Engineer, ViTrox Technologies Sdn. Bhd. (1997-present)

## Occupation

Director

## Present Appointment

None

## Past Appointment

None

## Any family relationship with any director and/or major shareholder of the listed issuer

No

## Any conflict of interests that the person has with the listed issuer

None

## Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

## Number of board meetings attended in the financial year

5/5

## Qualification

1. Bachelor of Science (First Class Honours) in Electronic Engineering from the University of Essex, United Kingdom
2. Master of Science in Telematics from the University of Essex, United Kingdom
3. PhD in Image Processing from the University of Essex, United Kingdom
4. Fellow with the Academy of Sciences Malaysia
5. Fellow with the Institution of Engineers Malaysia
6. Registered Professional Engineer with the Board of Engineers, Malaysia

## Date first appointed to the Board

8 July 2005

## Membership of Board Committee

1. ESOS Committee (Chairman)
2. Nominating Committee (Chairman)

## Working Experience

1. Lecturer, USM (1984-1988, 1991-1997)
2. Senior Research Officer, University of Essex (1988-1990)
3. Lecturer, University of Essex (1990-1991)
4. Dean, School of Electrical and Electronics Engineering, USM (1992-1997)
5. Dean, Faculty of Engineering, Universiti Teknologi Petronas (1997-1998)
6. Director of Academic Studies, Universiti Teknologi Petronas (1999-2003)
7. Director of Postgraduate, Universiti Teknologi Petronas (2004-2006)
8. General Manager, Frontier Research, PETRONAS Research Sdn. Bhd. (2007-2009)
9. Deputy Vice-Chancellor (Academic), Universiti Teknologi Petronas (2011-2016)
10. Deputy Vice-Chancellor (Research & Innovation), Universiti Teknologi Petronas (2016-2017)
11. Senior Professor, Universiti Teknologi Petronas (2016-2020)
12. President and Group Chief Executive, SIRIM Berhad (2017-2021)

## Occupation

Director

## Present Appointment

1. Chairman of Board of Governors, ViTrox College

## Past Appointment

1. President and Group Chief Executive of SIRIM Berhad
2. Board of Directors, SIRIM Berhad
3. Board of Directors, Prince Court Medical Centre Sdn. Bhd.
4. Board of Directors, SIRIM QAS International Sdn. Bhd.
5. Board of Directors, SIRIM STS Sdn. Bhd.
6. Board of Directors, SIRIM SST Sdn. Bhd.
7. Board of Directors, SIRIM SMT Sdn. Bhd.
8. Board of Directors, SIRIM Tech Ventures Sdn. Bhd.
9. Board of Directors, GRANULAB Sdn. Bhd.

## Any family relationship with any director and/or major shareholder of the listed issuer

No

## Any conflict of interests that the person has with the listed issuer

None

## Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

## Number of board meetings attended in the financial year

5/5



**DATUK IR. DR. AHMAD FADZIL BIN MOHAMAD HANI**

Non-Independent  
Non-Executive  
Director

**Age**  
63

**Gender**  
Male

**Nationality**  
Malaysian

# PROFILE OF DIRECTORS



## CHUAH POAY NGE

*Non-Independent  
Non-Executive  
Director*

**Age**  
53

**Gender**  
Female

**Nationality**  
Malaysian

### Qualification

1. Bachelor of Business (Accountancy) from Deakin University, Australia
2. Certified Practising Accountant of the Australian Society of Certified Practising Accountants
3. Chartered Accountant of Malaysian Institute of Accountants
4. Certified Corporate Secretary with the University Malaya Centre of Continuing Education

### Date first appointed to the Board

15 November 2006

### Membership of Board Committee

1. Remuneration Committee (Chairman)
2. Audit Committee (Member)

### Working Experience

1. Tax and Audit Assistant, Matthew & Partners (1994-1995)
2. Group Accountant, Grand Circuits Industry Sdn. Bhd. (1995-2000)
3. Senior Finance & Administration Manager, Golden Fresh Sdn. Bhd. (2001-2006)
4. Financial Controller, Mini-Circuits Technologies (M) Sdn. Bhd. (2007-2010)
5. Finance Manager, Dynacraft Industries (M) Sdn. Bhd. (2011-2016)

### Occupation

Chartered Accountant

### Present Appointment

1. Director, South Island Building Sdn. Bhd.
2. Director, South Island Holdings Sdn. Bhd.

### Past Appointment

1. Independent Non-Executive Director, YBS International Berhad

### Any family relationship with any director and/or major shareholder of the listed issuer

No

### Any conflict of interests that the person has with the listed issuer

None

### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

### Number of board meetings attended in the financial year

5/5

### Qualification

1. Bachelor of Laws Degree from the University of Canterbury, Christchurch, New Zealand
2. Admitted as a Barrister and Solicitor of the High Court of New Zealand, the High Court of Borneo and the High Court of Malaya in January 1983, April 1984 and May 1984 respectively.

### Date first appointed to the Board

1 April 2018

### Membership of Board Committee

1. Audit Committee (Chairman)
2. Nominating Committee (Member)
3. Remuneration Committee (Member)

### Working Experience

1. Legal practitioner in Lim Kean Siew & Co. (1984-1988)
2. Legal practitioner, Managing Partner & later Consultant in Cheong Wai Meng & Van Buerle (1989-2018)
3. Partner in S.K.Goh, Chan & Co. (2018-present)

### Occupation

Advocate and Solicitor

### Present Appointment

1. Independent Non-Executive Director, Rimbaco Group Global Limited, Hong Kong

### Past Appointment

None

### Any family relationship with any director and/or major shareholder of the listed issuer

No

### Any conflict of interests that the person has with the listed issuer

None

### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

### Number of board meetings attended in the financial year

5/5



## MARY YEO CHEW YEN

*Independent  
Non-Executive  
Director*

**Age**  
65

**Gender**  
Female

**Nationality**  
Malaysian

# PROFILE OF DIRECTORS



**DATO' PROF. DR. SEE CHING MEY**  
Independent  
Non-Executive  
Director

**Age**  
67

**Gender**  
Female

**Nationality**  
Malaysian

## Qualification

1. Bachelor of Arts (Hons) (Economic) from the University of Malaya ("UM")
2. Diploma in Education (Economic/Geography) from the UM
3. Master in Education (Educational Psychology) from the UM
4. Doctor of Philosophy (Counselling Psychology) from the Ohio State University

## Date first appointed to the Board

1 December 2022

## Membership of Board Committee

1. Audit Committee (Member)
2. Nominating Committee (Member)
3. Remuneration Committee (Member)

## Working Experience

1. Senior Lecturer, USM (1988-2001)
2. Associate Professor, USM (2002-2005)
3. Professor, USM (2006-2016)
4. Quality Assurance Manager, USM (2010-2014)
5. Deputy Vice Chancellor (Division of Industry and Community Network), USM (2011-2016)
6. Consultant Educational and Counselling Psychologist, Loh Guan Lye Specialists Centre (2010-present)

## Occupation

Consultant Educational and Counselling Psychologist

## Present Appointment

1. Chairman/Independent Non-Executive Director of Unimech Group Berhad

## Past Appointment

None

## Any family relationship with any director and/or major shareholder of the listed issuer

No

## Any conflict of interests that the person has with the listed issuer

None

## Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

## Number of board meetings attended in the financial year

Not applicable

## Qualification

1. Bachelor of Business Administration (Hons) from the International Islamic University, Malaysia
2. Masters in Business and Accounting (MBAcc.) from the University of Aberdeen, Scotland
3. Fellow member of the Chartered Institute of Management Accountants
4. Fellow member of the Chartered Global Management Accountant
5. Chartered Accountant of the Malaysian Institute of Accountants

## Date first appointed to the Board

1 December 2022

## Membership of Board Committee

1. Audit Committee (Member)
2. Nominating Committee (Member)
3. Remuneration Committee (Member)

## Working Experience

1. Finance & Administration Manager, Sapura Poweraid Sdn Bhd (1996-2001)
2. Group Business Controller, Sapura Telecommunication Berhad (2002-2004)
3. Chief Financial Officer, I-CIMB Sdn Bhd (formerly known as Epic-I Sdn. Bhd.) (2004-2006)
4. General Manager/Vice President/Senior Vice President, Corporate Services Division, MIMOS Berhad (2006-2022)
5. Acting President & Chief Executive Officer, MIMOS Berhad (2018-2020)

## Occupation

Director / Advisor

## Present Appointment

1. Chief Advisor, GoKudos Sdn. Bhd.
2. Advisor, Singularity Connect Sdn. Bhd.
3. Founding Member, Malaysia 4<sup>th</sup> Industrial Revolution Award Consortium ("Malaysia4IRC")

## Past Appointment

1. Executive Director, MIMOS Technology Solutions Sdn. Bhd.
2. Executive Director, MIMOS Semiconductor Sdn. Bhd.
3. Non-Independent Director, MIMOS Smart Computing Sdn. Bhd.

## Any family relationship with any director and/or major shareholder of the listed issuer

No

## Any conflict of interests that the person has with the listed issuer

None

## Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

## Number of board meetings attended in the financial year

Not applicable



**EMELIA BINTI MATRAHAH**  
Independent  
Non-Executive  
Director

**Age**  
57

**Gender**  
Female

**Nationality**  
Malaysian



# PROFILE OF DIRECTORS

## REMUNERATION

Details of the Directors' remuneration for the financial year ended ("FYE") 31 December 2022 are as follows:-

Name of Directors	Remuneration received from the Company				Remuneration received from the subsidiaries			Grand Total (RM'000)
	Fees (RM'000)	Salaries, Bonuses, EPF & Other Emoluments (RM'000)	Allowances (RM'000)	Total (RM'000)	Salaries, Bonuses, EPF & Other Emoluments (RM'000)	Allowances (RM'000)	Total (RM'000)	
Executive								
Chu Jenn Weng	-	395.8	36.0	431.8	-	-	-	431.8
Siaw Kok Tong	-	-	-	-	371.2	37.2	408.4	408.4
Yeoh Shih Hoong	-	-	-	-	354.1	37.3	391.4	391.4
Non-Executive								
Dato' Seri Dr. Kiew Kwong Sen	39.6	6.9	13.4	59.9	-	-	-	59.9
Chuah Poay Ngee	39.6	6.8	13.0	59.4	-	-	-	59.4
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	39.6	6.8	14.6	61.0	-	1.6	1.6	62.6
Mary Yeo Chew Yen	39.6	6.3	9.0	54.9	-	-	-	54.9
Dato' Prof. Dr. See Ching Mey	3.3	0.4	-	3.7	-	-	-	3.7
Emelia Binti Matrahah	3.3	0.4	-	3.7	-	-	-	3.7
Total	165.0	423.4	86.0	674.4	725.3	76.1	801.4	1,475.8

# PROFILE OF DIRECTORS

## TRAINING PROGRAMMES ATTENDED BY THE DIRECTORS

The training programmes attended by the Directors during the FYE 2022 are as follows:-

Name of Directors	Mode of Training	Training Programmes	Duration
Dato' Seri Dr. Kiew Kwong Sen	Corporate Training	Roles and Responsibilities of Corporate Directors	8.0 Hours
	Seminar	Risk Management of Company's Information Technology	8.0 Hours
	Training Exposure	Automated Financial Management Reporting System	6.0 Hours
Chu Jenn Weng	Corporate Sharing	Diversity, Equity and Inclusion ("DEI") in ViTrox	2.5 Hours
	Corporate Sharing	What Employees Need to Know About Creating a Safe & Respectful Workplace	1.0 Hour
Siaw Kok Tong	Corporate Sharing	Deal Management Guide	4.0 Hours
	Corporate Sharing	DEI in ViTrox	2.5 Hours
	Corporate Sharing	What Employees Need to Know About Creating a Safe & Respectful Workplace	1.0 Hour
Yeoh Shih Hoong	Corporate Sharing	DEI in ViTrox	2.5 Hours
	Corporate Sharing	What Employees Need to Know About Creating a Safe & Respectful Workplace	1.0 Hour
Chuah Poay Ngee	Corporate Training	The Way Forward via Fintech	8.0 Hours
	Webinar	Corporate Finance ESG	4.0 Hours
	Webinar	Leading through Chaos	4.0 Hours
	Webinar	Trading Psychology & Risk Management in Future Trading	4.0 Hours
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	Webinar	Audit Oversight Board: Conversation with Audit Committees	2.5 Hours
	Webinar	DEI Conversations: Elevating Investability	1.0 Hour
	Webinar	PLC Transformation ("PLCT") Programme Guidebook 3	1.5 Hours
	Webinar	2022: New Challenges, New Opportunities	1.0 Hour
Mary Yeo Chew Yen	Training	Resolving Boardroom & Shareholders' Disputes	0.5 Day
	Webinar	A Bird's Eye View on Legal Implications Arising from Breach of Personal Data	2.5 Hours
	Webinar	Corporate Directors' Training Programme Fundamental 4.0	1.0 Day
	Webinar	Driving the Digital Transformation of AML / CFT Compliance	1.0 Hour
	Webinar	Fiduciary Duty of Trustees, Trust Law & Registration	2.5 Hours
	Webinar	The Legal Dilemma of Joint Ownership	2.0 Hours
	Webinar	What Do Leaders Do	1.5 Hours
Emelia Binti Matrahah	Training	Mandatory Accreditation Programme	12.0 Hours
	Seminar	Industry 4.0 Leadership, Skills and Strategy	8.0 Hours

# SENIOR MANAGEMENT



**From left to right:**

- 1. Lim Kim Seng**  
Chief Financial Officer
- 2. Wee Kah Khim**  
Executive Vice President /  
Chief Business Development Officer
- 3. Chu Jenn Weng**  
Managing Director / President / CEO
- 4. Siaw Kok Tong**  
Executive Director / Executive Vice President
- 5. Yeoh Shih Hoong**  
Executive Director / Executive Vice President

# PROFILE OF SENIOR MANAGEMENT



## LIM KIM SENG

Chief Financial Officer

**Age**  
57

**Gender**  
Male

**Nationality**  
Malaysian

### Qualification

1. Bachelor of Accounting (Hons) from the University of Malaya ("UM")
2. Chartered Accountant of Malaysian Institute of Accountants

### Date first appointed to the Key Senior Management Position

15 August 2016

### Membership of Board Committee

1. Anti-Bribery Compliance Committee (Chairman)
2. Environmental, Social and Governance Steering Committee (Member)
3. Share Grant Scheme Committee (Member)
4. Risk Management Committee (Member)

### Working Experience

1. Finance Manager, Sony (1991-2000)
2. Business Finance Consultant, Agilent (2000-2003)
3. Senior Operations Controller, Philips Lumileds (2003-2012)
4. Financial Controller, Integrated Device Technology (2012-2016)
5. Chief Financial Officer, ViTrox Corporation Berhad (2016-present)

### Occupation

Chief Financial Officer

### Present Appointment

None

### Past Appointment

None

### Any family relationship with any director and/or major shareholder of the listed issuer

No

### Any conflict of interests that the person has with the listed issuer

None

### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

### Qualification

1. Bachelor of Science in Electrical Engineering (Hons) from Washington University in Saint Louis, USA

### Date first appointed to the Key Senior Management Position

1 May 2009

### Membership of Board Committee

1. Anti-Bribery Compliance Committee (Member)
2. Environmental, Social and Governance Steering Committee (Member)
3. Share Grant Scheme Committee (Member)
4. Risk Management Committee (Member)

### Working Experience

1. Firmware R&D Engineer, Motorola (1992-1994)
2. Design Validation Engineer, Nortel (1994-1998)
3. R&D Director, Agilent Technologies (1998-2009)
4. Senior Vice President, ViTrox Corporation Berhad (2009-2019)
5. Executive Vice President, ViTrox Corporation Berhad (2020-present)

### Occupation

Executive Vice President / Chief Business Development Officer

### Present Appointment

None

### Past Appointment

Board of Directors, International Electronics Manufacturing Initiative

### Any family relationship with any director and/or major shareholder of the listed issuer

No

### Any conflict of interests that the person has with the listed issuer

None

### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None



## WEE KAH KHIM

Executive Vice President / Chief Business Development Officer

**Age**  
54

**Gender**  
Male

**Nationality**  
Malaysian

# CHAIRMAN'S STATEMENT



*ViTrox made another new record in its revenue and profit after tax for the third consecutive year. The notable performance demonstrates the resilience and adaptability of ViTrox's strategic business planning."*

**DATO' SERI**

**DR. KIEW KWONG SEN**

*Ph.D. (Hon), DPPN, DGPN, DSPN*

*Chairman/ Non-Independent Non-Executive Director*

## Dear valued shareholders

On behalf of the Board of Directors of ViTrox, I am delighted to present our Annual Report and audited financial statements for the financial year ended ("FYE") 31 December 2022.

The year has been proven challenging for businesses as we grappled with geopolitical tensions, supply chain disruptions, labour shortages and inflationary pressures.

Our business remained resilient despite these setbacks, thanks to the strength of the economic landscape, which is reflected positively in our financials.

## FINANCIAL PERFORMANCE

	FYE 2022	FYE 2021	Growth
Revenue (RM'000)	750,249	680,124	10.3%
Profit before tax (RM'000)	206,233	178,190	15.7%
Profit after tax (RM'000)	200,320	169,398	18.3%
Basic earnings per share (sen)	21.26	17.97	18.3%

ViTrox made another new record in its revenue and profit after tax for the third consecutive year. ViTrox achieved an exceptional financial performance in FYE 2022, with revenue of RM750.2 million, profit before tax of RM206.2 million, and profit after tax of RM200.3 million, indicating a remarkable growth of 10.3%, 15.7% and 18.3%, respectively, compared to FYE 2021. The notable performance demonstrates the resilience and adaptability of ViTrox's strategic business planning.

In FYE 2022, our basic earnings per share increased to 21.26 sen from 17.97 sen in FYE 2021, reflecting the significant growth in our revenue. This was mainly driven by the higher sales volume from the Automated Board Inspection ("ABI") segment. Our manufacturing capacity expansion has enabled us to meet the rising global demand, contributing to our strong financial performance.

None of these would have been possible without our amazing ViTroxians who are a dedicated, enthusiastic and united group sharing the same values and goals. We truly believe in developing our people and giving them endless opportunities to improve themselves, creating a culture of continuous learning and growth. Our core values I.A.C.T.G. – Integrity, Accountability, Courage, Trust & Respect, and Gratitude & Care – foster a sense of camaraderie and authenticity among our team. These values inspire our ViTroxians to reach their full potential and strive for excellence, propelling ViTrox to new heights!



# CHAIRMAN'S STATEMENT

## DIVIDEND

A tax-exempt interim dividend of 1.25 sen per ordinary share, each amounting to RM11.8 million for FYE 2022, was paid to shareholders on 18 January 2023. The Board of Directors has recommended a final tax-exempt dividend of 4.15 sen per ordinary share each for FYE 2022. If approved at the forthcoming Annual General Meeting, the final tax-exempt dividends are estimated to be a total distribution of RM39.2 million. In total, ViTrox is expected to declare a total dividend of 5.40 sen per share, with a total distribution of approximately RM51.0 million for the year.

## KEY ACHIEVEMENTS IN 2022

### FTSE4Good ESG rating

ViTrox has been a constituent of the FTSE4Good Bursa Malaysia ("F4GBM") Index and FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index since December 2021. For FYE 2022, ViTrox has successfully maintained a healthy FTSE4Good ESG rating under the technology industry classification benchmark with four stars for the second consecutive year.

### The Edge ESG Awards 2022 - Most Improved Performance Over Three Years (Silver)

ViTrox is honoured with the silver award for "Most Improved Performance Over Three Years" at The Edge ESG Awards 2022. The award falls under the equity category of companies with a market capitalisation of over RM5 billion.

### Best Managed Companies 2022

ViTrox is a winner of Malaysia's Best Managed Companies for 2022, sponsored by Deloitte Private. The recognition is a demonstration of our exceptional performance in the four (4) critical pillars assessed in the programme. These pillars include strategy and quality management, capabilities and innovation, culture and commitment, as well as governance and financials.

### Forbes Asia's Best Under A Billion 2022

ViTrox is listed in Forbes Asia's 200 Best Under A Billion 2022 as one of the seven (7) Malaysian companies among 20,000 companies in the Asia-Pacific region, reflecting the resiliency of long-term sustainable performance in a fast-changing environment.

## SUSTAINABILITY

ViTrox's commitment to sustainability is deeply embedded in its business operations. We recognise the urgent need to address climate change and prevent further damage to the environment. As a responsible corporate entity, we believe it is our duty to have a net positive impact on both society and the environment.

ViTrox's dedication to Environmental, Social and Governance ("ESG") practices has garnered recognition. Since its first listing in December 2021, ViTrox has again successfully remained in the top 25% by ESG ratings amongst Public Listed Companies ("PLCs") in FTSE Bursa Malaysia EMAS that have been assessed by FTSE Russell. ViTrox was also awarded the "Most Improved Performance Over Three Years" by The Edge ESG Awards 2022 and Malaysia's Best Managed Companies for 2022.

These accolades reflect ViTrox's dedication to integrating sustainability into its daily activities. We plan to continue our efforts in ESG practices and work towards contributing even more to the advancement of society and well-being of humankind.

## FUTURE OUTLOOK AND FOCUS

Being a trusted corporation, ViTrox focuses on service excellence and technological leadership, all while keeping sustainability in mind. We believe in making a net positive impact on the world through compassionate innovation, doing our part to make the world a better place. Building long-lasting relationships with our customers and stakeholders is important to us, and we do it by treating everyone with respect, trust and integrity. We're always working hard to meet our customers' ever-changing needs and address any challenges they may face, striving for excellence in everything we do.

ViTrox remains committed to leveraging its robust growth in demand across all business units to capitalize on a unique opportunity for market expansion and diversification. This strategic focus will contribute significantly to the continued expansion of ViTrox 3.0 (2021-2030), fueled by growth objectives centred on technology differentiation, product portfolio expansion and market share penetration. With these key initiatives, ViTrox will harness the momentum of emerging megatrends to drive sustainable growth and create value for all stakeholders.

Overall, ViTrox is optimistic about its future prospects. Although the Group may face potential cyclical slowdowns that are common in the technology industry, it is confident in its ability to adapt to changing market dynamics and emerge even stronger, as it has demonstrated time and time again.

## ACKNOWLEDGEMENT

On behalf of ViTrox, I would like to express my sincere appreciation to our valued business partners, customers, shareholders, government authorities, consultants and financiers for their continued support and contributions to ViTrox.

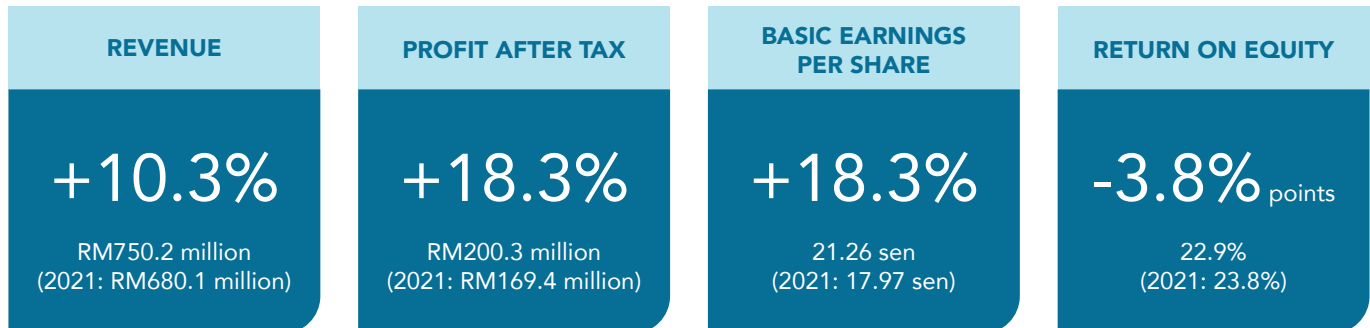
On behalf of the Board of Directors, I would like to take this opportunity to welcome Dato' Prof. Dr. See Ching Mey and Pn. Emelia Binti Matrahah to the Board as Independent Non-Executive Directors who bring with them valuable experiences from their fields to our Group. Additionally, I would like to extend my gratitude to our fellow Board members and management team for their exceptional leadership.

I also wish to convey my heartfelt appreciation to all ViTroxians for their unwavering dedication and commitment to ViTrox. I acknowledge that ViTroxians are the driving force behind our success, and we remain committed to fostering a workplace culture that prioritises employee satisfaction and fulfilment.

Once again, thank you. We are honoured that our stakeholders have chosen to join us on this journey, and we look forward to a long and prosperous future together.

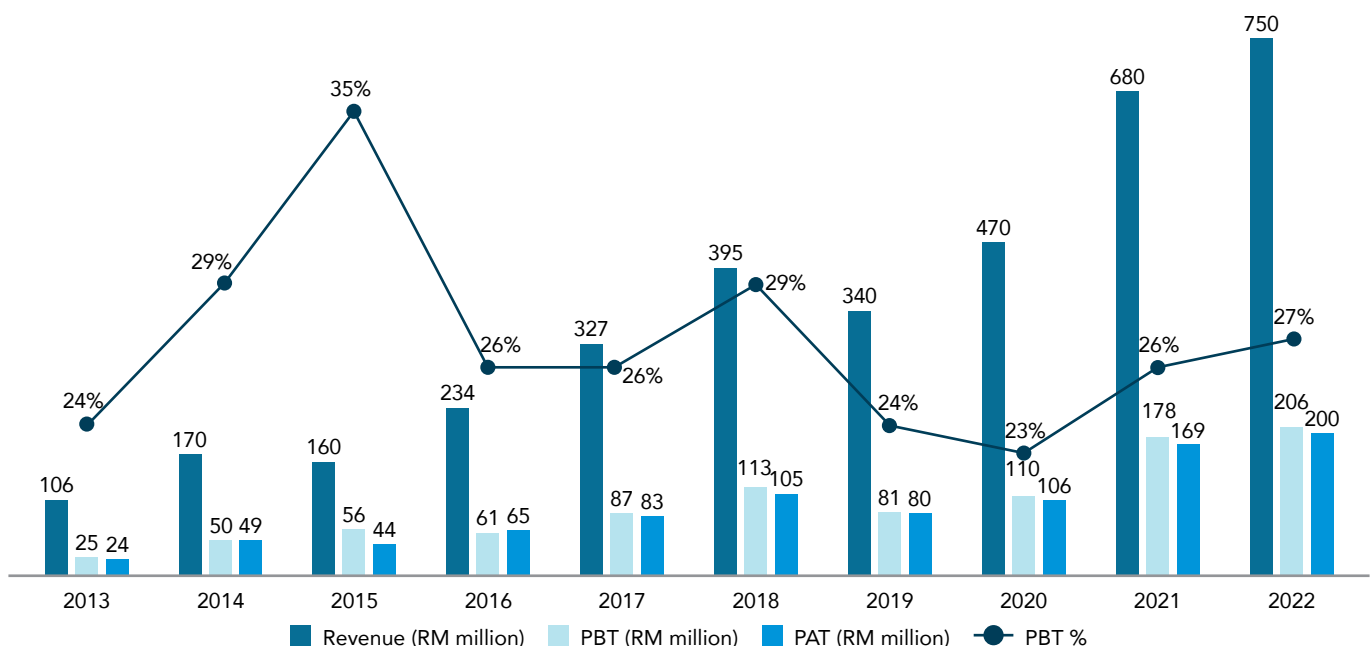
# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL PERFORMANCE



Since our inception, ViTrox Corporation Berhad ("ViTrox" or the "Company") has shown a phenomenal record of 22 consecutive years of profitability through sheer determination and hard work from all ViTroxians. The right people, products and humanistic culture, which are embodied in our I.A.C.T.G. (Integrity, Accountability, Courage, Trust & Respect, Gratitude & Care) core values, will continue to shape the strong business fundamentals for continuous growth.

In 2022, ViTrox achieved another record-breaking year of financial performance, with revenue of RM750.2 million, profit before tax ("PBT") of RM206.2 million and profit after tax ("PAT") of RM200.3 million. The notable performance demonstrates our Company's resilience and adaptability in navigating a rapidly changing business landscape through strategic planning with unparalleled execution. We strive to achieve sustainable growth and profitability in our business, we understand that short-term financial gains must not overshadow our long-term goals. We remain steadfast in our dedication to giving back to society and fulfilling our purpose of making a positive impact in the world.



### Revenue

ViTrox and our subsidiaries (the "Group" or "Our Group") achieved the highest revenue of RM750.2 million for the financial year ended ("FYE") 31 December 2022 since the Company's listing on the Bursa Malaysia Stock Exchange in 2005. The revenue growth showed a leap of RM70.1 million or 10.3% compared to RM680.1 million a year ago. Solid revenue growth was observed due to exceptionally high demand for Automated Board Inspection ("ABI") fueled by the deployment of 5G network infrastructure, electric vehicles ("EV"), autonomous driving and high-performance computing ("HPC"). ABI received a surge in orders, resulting in a remarkable improvement in revenue.



# MANAGEMENT DISCUSSION & ANALYSIS

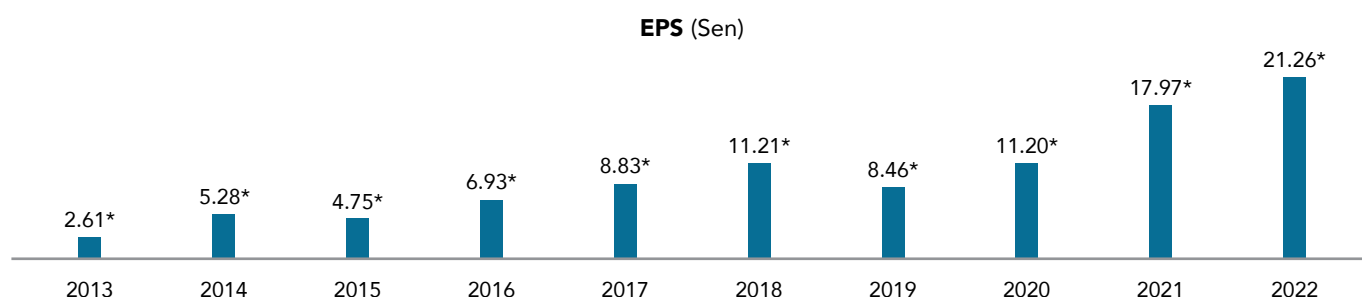
## FINANCIAL PERFORMANCE (CONT'D)

### Profit Before Tax ("PBT") and Profit After Tax ("PAT")

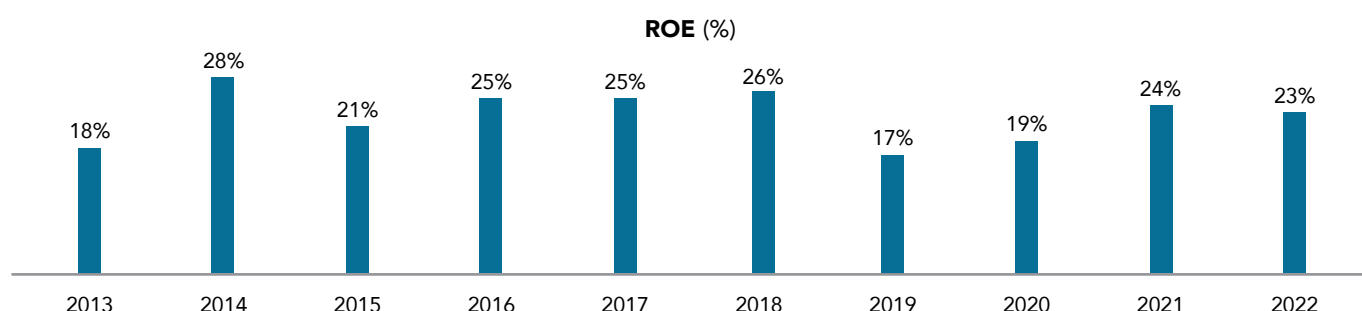
The Group chalked up a PBT and PAT of RM206.2 million of RM200.3 million respective in the current year under review, on the back of stronger revenue and a favourable product mix, representing a 15.7% and 18.3% growth compared to a year ago.

### Basic Earnings Per Share ("EPS") and Return on Equity ("ROE")

The EPS surged from 17.97 sen to 21.26 sen in FYE 2022, while ROE dropped marginally from 23.8% a year ago to 22.9%.



\* The calculation of EPS has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue in 2022.



## Liquidity and Capital Resources

The Group's net cash and cash equivalents stood at RM370.4 million compared with RM255.9 million in FYE 2021. The increase in cash and cash equivalents as of 31 December 2022 was mainly due to cash from operating activities of RM167.9 million, attributable to a high operating profit of RM231.3 million as a result of better financial performance. This is partially set off against net cash used in investing activities attributable to the purchase of property, plant and equipment of RM43.1 million.

## PRODUCT INNOVATION

In the past year, we remained committed to delivering innovative, advanced and cost-effective solutions for machine vision and embedded electronics to our customers. We work closely with our key clients, primarily Tier 1 and Tier 2 original equipment manufacturers ("OEM"), outsourced semiconductor assembly and test ("OSAT") and electronics manufacturing service ("EMS") companies worldwide, to understand their needs for Industry 4.0 integration and increased capability. Our focus is on implementing intelligent automation, advanced inspection algorithms to detect complex and ambiguous defects in semiconductors components and electronics printed circuit board assemblies ("PCBA"), seamless user interface and adaptive machine learning ("ML") capabilities to significantly improve manufacturing yield.

Our flagship data monitoring and analytic platform, V-ONE®, has been widely accepted by customers worldwide. We have successfully enhanced the software's capabilities with various intelligent features, allowing customers to monitor their equipment in real time, 24/7. This enhanced feature has led to improved equipment throughput and performance.

Our new product introduction ("NPI") increased our Group revenue, growing from 21.9% in 2021 to 22.5% in 2022. At ViTrox, we are committed to introducing at least two (2) new or enhanced products annually across our business units, including Machine Vision System - Standard ("MVS-S"), Machine Vision System - Tray-based ("MVS-T"), ABI and Electronics Communication System ("ECS"). We will continue to prioritise this NPI strategy and explore new ventures in the near future to provide more value-added and impactful products and solutions to our customers. We value building long-term partnerships with our customers based on integrity and accountability.

# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

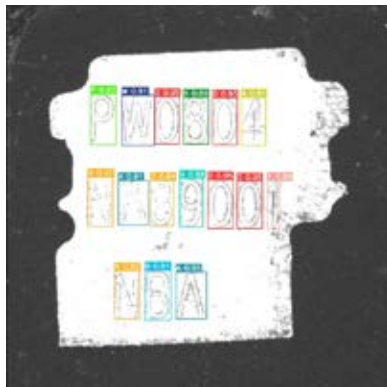


### New Products Released

With the ongoing evolution of Industry 4.0, customers seek innovative and cost-effective solutions to enhance productivity while minimising human labour. ViTrox is well-equipped to meet this demand by providing fully automated, Artificial Intelligence ("AI")-integrated NPI. We are pleased to highlight the following key innovations from our core business units for the year 2022:-

### MVS-S: Machine Vision System for Back-end Semiconductor Component Inspection

#### AI Technology and Automation in Vision Systems



*Optical Character Recognition*

Optical Character Recognition ("OCR") is one of the most challenging tasks in semiconductor manufacturing due to the wide variety of fonts and chips surface quality and the diverse laser marking processes. These factors result in an unlimited permutation of OCR output problems, making vision inspection a difficult task. The conventional OCR method uses pattern matching coupled with a strong OCR library that cannot provide a good production yield. When vision inspection fails due to these problems, operator intervention often leads to high over-rejection rates.

To tackle these challenges, we have implemented AI OCR Deep Learning in our NPI. The vision system will perform "auto-learn" and register the learning as a reference in the subsequent production run. During the actual production run, the rejected unit from the conventional OCR will go through AI Deep Learning to confirm the final outcome. This NPI has successfully reduced the over-rejection rate up to 50%, thus increasing the production yield tremendously.

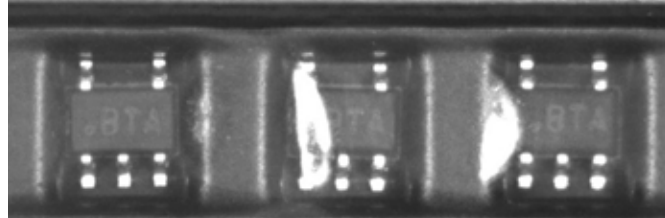
The implementation of AI Deep Learning in our NPI has enabled us to achieve a higher production yield while minimising operator intervention and reducing over-rejection rates. By utilising sophisticated OCR algorithms and techniques, our system can handle the complex nature of OCR output problems and enable more efficient and accurate quality control in semiconductor manufacturing. With these advanced solutions, we are well-equipped to meet the evolving needs of the industry and provide our customers with cost-effective and innovative solutions that increase productivity and quality.

# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### MVS-S: Machine Vision System for Back-end Semiconductor Component Inspection (Cont'd)

#### AI Cosmetic Detection and Post Seal Inspection Automatic Learn Feature



AI Cosmetic Detection

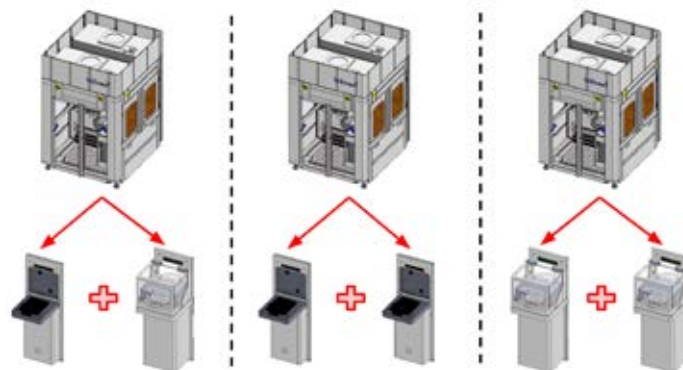
Post seal inspection is a crucial final process in back-end semiconductor manufacturing that involves a final 2D inspection of the reel before shipment to customers. However, due to the feature of the seal tape, there is always a reflection from the light source that poses a challenge for the camera to see through the tape for inspection on the chip. To address this challenge, an NPI was developed to automatically differentiate reflective and non-reflective surfaces using different approaches for vision inspection. This NPI uses AI Cosmetic Detection to accurately determine the level of reflection on the surface, previously a challenging task for the conventional vision algorithm.

The vision system requires users with experience and skill to set up parameters for the system to function accordingly. However, setting up with a loose parameter will result in underkill and having a parameter set too tight will result in over-reject. In both cases, human intervention is required to attend to the machine. Skilled machine users are difficult to train and retain, making this a challenging aspect of the manufacturing process.

With the new NPI, an automatic learning feature is incorporated into the software. As a result, the combined NPI also reduces the need for human intervention to attend to the machine, improving the overall machine's overall equipment effectiveness ("OEE") performance.

In conclusion, the new NPI with AI Cosmetic Detection and automatic learning feature is an excellent addition to the back-end semiconductor manufacturing process. It improves the accuracy of the final inspection, reduces the need for human intervention and improves the OEE performance of the machine.

#### Standard Equipment Front End Module ("EFEM") Platform For Front-Opening Unified Pods ("FOUPs") And Bare Wafer



Flexible Load Port Combination For Raw Wafer & Framed Wafer

The 12" wafer market currently accounts for 69% of the total wafer market revenue, driven by increasing utilisation of 12" wafers and fabrication plants.<sup>1</sup> This growth has also led to increased demand for FOUPs, which are used for transporting and storing wafers during manufacturing. FOUPs are estimated to capture around USD2.07 billion of the market demand from wafer 2D surface cosmetic inspection customers.<sup>2</sup> Given the high demand for 12" wafers and FOUPs, there is also expected to be a great demand for 12" EFEM. However, many wafer inspection machines currently only support input for either FOUPs or open cassettes as separate machines. This setup can be inconvenient for high-mix-low-volume manufacturers who need to handle both types of input, as it would require two (2) independent machines.

# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### MVS-S: Machine Vision System for Back-end Semiconductor Component Inspection (Cont'd)

#### Standard Equipment Front End Module ("EFEM") Platform For Front-Opening Unified Pods ("FOUPs") And Bare Wafer (Cont'd)

To address this need, we have designed flexible load port modules that support both FOUPs and open cassettes, with end-effectors that can handle raw and frame wafers of the same size without needing to convert. This enhanced features enables users to configure the EFEM to take in raw and frame wafers on a single platform, simplifying the manufacturing process.

Our EFEM can be combined directly with our Automated Wafer Inspection Machine, providing a comprehensive solution for semiconductor manufacturers. This integration can help streamline the manufacturing process, improving efficiency and reducing costs.

Sources:-

<sup>1</sup> <https://www.verifiedmarketresearch.com/>

<sup>2</sup> <https://www.semanticscholar.org/>

### MVS-T: Tray-based Vision Handler for Back-end Semiconductor Component Inspection

#### AI Integration to Shortwave Infrared ("SWIR") Inspection

SWIR technology has the ability to see beyond silicon die surfaces, revealing inner circuitry patterns. However, distinguishing circuitry pattern variation from inner cracks using image binarisation techniques has proven to be challenging. To differentiate our SWIR from others in the market, we incorporate ML using a mix of images with different circuitous, contrast and inner crack variations to distinguish between good and reject components. By incorporating AI capabilities, our SWIR can effectively reduce the overkill rate and hence enhance machine throughput.

#### TR1000S*i* Tray to Reel Integrated Circuit Inspection Handler



TR1000S*i* Tray-Based Vision Handler

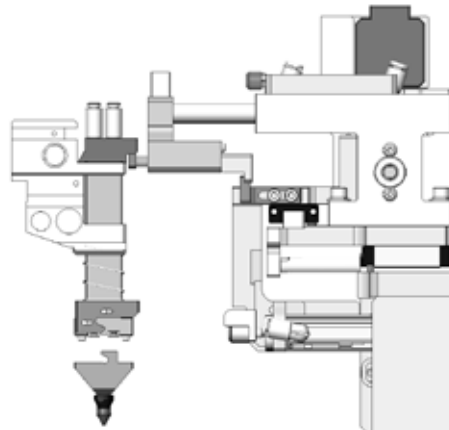
Our TR1000S*i* model, with a 20% speed improvement over our TR1000S model, is designed to offer customers seeking cost-performance efficiency. With this release, we have further strengthened our market position by providing a better product range that can meet all the stringent inspection requirements for advanced integrated circuit ("IC") packages.

# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### MVS-T: Tray-based Vision Handler for Back-end Semiconductor Component Inspection (Cont'd)

#### Auto Nozzle Changer



Auto Nozzle Changer

To address the need for automation in Smart Manufacturing, ViTrox has debuted the Auto Nozzle Changer, which can be integrated with our TH3000i Tray to Tray IC Inspection Handler. This new feature allows programme recipe change-overs to be completed without human intervention, reducing machine idle time and manufacturing costs.

### ABI: Optical, X-ray, Robotic Vision Inspection System for Electronics Board Assembly Inspection

#### Advanced 3D X-ray Inspection ("AXI") XLL



Advanced 3D X-ray Inspection System (V810i S2 XLL)

Despite the COVID-19 pandemic, the global 5G telecommunications, satellite and automotive industries have made significant progress. However, the increasing complexity of printed circuit board ("PCB") designs poses challenges in shrinking the size of the PCBA, even with a multilayer approach. This has resulted in a growing demand for large-format AXI systems that can accommodate PCB dimensions of up to 1.2 metres in length, which the XLT platform does not support. In 2022, ViTrox AXI Research & Development ("R&D") team developed the XLL platform, which is capable of inspecting panel boards of lengths up to 1.2 metres, with similar board width and weight, inspection throughput, and x-ray image quality as the XLT platform. The XLL platform serves as a cost-effective alternative that helps customers avoid the expense and space requirements of the XLW platform.

#### Gen 3.3 X-ray Camera

ViTrox's V810 AXI system retains our position as the best-in-class due to the Gen 3 X-ray camera, which delivers exceptional throughput and image quality. In response to global material shortages in 2021, ViTrox developed the Gen 3.3 X-ray camera with a flexible hardware design that supports multiple field-programmable gate arrays ("FPGA") chips. This design minimises supply chain disruptions while providing equal or better performance. The Gen 3.3 camera is paired with the latest PCBA design, which enhances signal transmission integrity, power efficiency and thermal management, resulting in improved camera performance and reliability.

#### AXI AI Inspection Algorithm

ViTrox has been developing AI algorithms to identify abnormal openings in gullwing and Surface Mount Technology ("SMT") components with remarkable accuracy of up to 99%. We have also expanded our existing AI Void model to cover more joint types, including Land Grid Array ("LGA"), to enable the inspection of images with uneven backgrounds and irregular patterns. This upgrade has received positive feedback from OEM and contract manufacturers ("CM"). The AI inspection approach is user-friendly and requires only a few simple parameters without the need for any special shape masking. Additionally, the algorithms can handle uncertainties and ambiguities arising from varying human judgments.



# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### ABI: Optical, X-ray, Robotic Vision Inspection System for Electronics Board Assembly Inspection (Cont'd)

#### V9i Advanced Robotic Vision ("ARV")



V95i Rotator ARV-Advanced Robotic Vision System

The introduction of the V9i system in 2021 has created significant value differentiation in the back-end SMT inspection market. This innovative system provides multi-angle image acquisition and multi-angle lighting, mimicking human inspection capabilities. This is particularly important in meeting inspection requirements for back-end SMT processes, where PCBAs are often complex and are considered semi-finished or finished goods. The V9i system also introduced a Multi-layer Diff Inspection feature that performs intelligent inspections with corresponding thresholds based on component types and PCB designs. To make inspection setup quick and easy, the V9i system features a "One-Click" set-up wizard, a value added feature during NPI builds where time-to-market is critical for a successful NPI.

In addition to the V9i system, the V9i team has launched two (2) new products; V95i ARV Solution Rotator and V97i Flipping Conveyor. These products are fully integrated with the V9i system, making offline box-build and top-bottom PCBA inspection simpler and more convenient. These new products provide additional options to streamline inspection setup and extend inspection coverage from PCB assemblies to box-build applications.

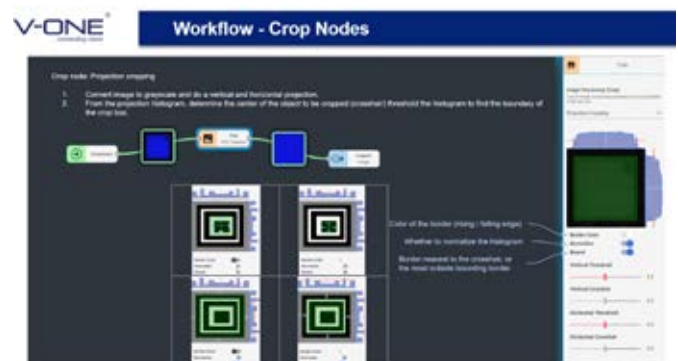
Overall, the V9i system and its accompanying products significantly improved the back-end SMT inspection market. With advanced capabilities and user-friendly features, V9i is poised to make a real difference in the industry, helping companies to improve their inspection accuracy and speed up their NPI builds.

#### V-ONE® 4.0 Release



V-ONE® Industry 4.0 Software has recently released an Advanced 3D Optical Inspection ("AOI") and AXI hardware monitoring module to help users monitor their assets 24/7. This new feature is designed to collect data from various hardware components such as system conveyors, projectors, automatic width adjustment ("AWA"), light sources, x-ray tubes, drivers, staging and charge-coupled device ("CCD") cameras to identify any abnormality in the system's performance. By analysing this data, users will be alerted prior to machine failure, which will help minimise any potential line-down situations. This new feature is a significant step towards achieving our ultimate goal of predictive maintenance through AI big data analysis.

#### V-ONE® AI Auto Buy-Off for Semiconductor



The AI Analytics Module of V-ONE® made a significant breakthrough in 2022 by adding advanced AI models for light-emitting diodes ("LED") assembly, contact lens analysis and wafer die assembly. This AI technology eliminates the need for human buy-off on the production floor and helps customers save 100% in human costs. This breakthrough was instrumental in helping one of ViTrox's Tier 1 customers win an international award, representing a major milestone in ViTrox's AI technology.

# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### ABI: Optical, X-ray, Robotic Vision Inspection System for Electronics Board Assembly Inspection (Cont'd) V310i Advanced 3D Solder Paste Inspection System ("SPI")

ViTrox SPI has made significant technological advancements in image quality and inspection algorithms, which has resulted in the successful approval of several global multinational companies' Approved Vendor List ("AVL"). This improved SPI technology has proven to be reliable, stable and accurate in measuring capabilities, which is essential in the SMT line.

ViTrox has also completed the development of Micro SPI, a new platform that specialises in inspecting solder paste less than 40µm in height. With its high-resolution 3D images and accuracy, this new platform achieves less than 10% gage repeatability and reproducibility ("GRR") for 008005 solder paste for height, area and offset, making it a world-class-leading technology.

In addition, ViTrox has emphasised cross-platform technology development, which provides customers with a smart use model and comprehensive data linkage. This approach allows ViTrox to offer an Industry 4.0 Smart Factory solution that complements a vast install base of ViTrox AOI and ViTrox AXI technologies.

Overall, the above innovations demonstrate ViTrox's commitment to providing our customers with innovative and reliable inspection technologies. These improvements can help companies achieve better quality control and efficiency in their SMT production lines, and enable them to adopt Industry 4.0 Smart Factory practices.

Adopting cross-platform technology has allowed ViTrox to provide additional benefits to our customers.

Platform	Description
Cross-Platform Recipe Generation	ViTrox SPI inspection recipe can now be imported into the ViTrox AOI. This generates an AOI Computer-Aided Design ("CAD") with detailed pad information, part numbers, reference designators and more. Customers who have adopted both ViTrox AOI and SPI can complete the CAD preparation for AOI AI programming with ease. This means that the AOI AI programming can achieve 95% setup accuracy without additional CAD conversions, saving time and effort.
Cross-Platform Inspection Result Reference	SPI stencil pads' IDs can be seen in the AOI solder joints and lead height inspection. This solution has proven to be a key capability, as ViTrox has incorporated it with a leading global EMS company to perform AI correlation analysis and advanced failure mode and effects analysis ("FMEA") in the SMT line.

These platforms enable synchronisation on pin-level reporting, data and detail, which makes it possible for customers to achieve big data analysis with AI process optimisation.

### AXI AI for ViTrox Verification Tools Solution ("VVTS") Auto Assist Phase 2

In 2022, ViTrox extended our AI coverage to include Quad Flat No-lead ("QFN") components, polarised chip components, gullwing and SMT components, while maintaining an impressive accuracy rate of over 90% and a low escapee rate of less than 0.5%. As a result, ViTrox increased the AI buy-off coverage from 20% to 70%. Today, our AI auto false call buy-off technology has been successfully implemented by over five (5) multinational companies ("MNCs") from different continents, with a reduction in false calls ranging from 40% to 70%. This significant benefit enables ViTrox's customers to save up to 60% of operating time on the buy-off cycle and eliminate defects and escapees, ultimately improving product quality.



# MANAGEMENT DISCUSSION & ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### ABI: Optical, X-ray, Robotic Vision Inspection System for Electronics Board Assembly Inspection (Cont'd) V510i Advanced 3D Optical Inspection



Advanced 3D Optical Inspection System (V510i Optimus 3D)

In 2021, ViTrox launched three (3) separate platforms designed to address the unique challenges of different market segments, including SMT, semiconductor and micro-semiconductor. Each segment requires different inspection and measurement strategies, and ViTrox has optimised platforms to meet these specific needs. The SMT AOI platform is positioned to become a market leader in smart factories, with numerous AI and Internet of Things ("IoT") projects in development. Meanwhile, the Semiconductor and Micro-semiconductor AOI platforms are focused on improving fundamental inspection technologies, particularly for miniature components, where high accuracy and detailed inspection are critical for detecting reliability and quality issues.

Platform	Description
SMT AOI	<p>ViTrox AOI has made significant progress towards becoming the world leader in Industry 4.0 solutions for SMT production lines. The latest AI smart programming has extended the AI coverage to include connectors, barcodes and optical character verification ("OCV"), resulting in an auto-setup that achieves 95% or higher accuracy. This has given ViTrox a clear advantage over our peers in AI auto programming and helped to win many new customers in 2022.</p> <p>Additionally, the 3D AOI platform has introduced a technology called "Multiverse 3D Projector" that provides multiple dimensions of moiré projection for better 3D reconstruction of shiny components and solder joints. The improved 3D images have opened up new business opportunities for wave reflow and plated through hole ("PTH") applications applicable on the same platform.</p>
Semiconductor AOI	<p>ViTrox Semiconductor AOI has made significant advancements with a new 3D Projector Lens that optimises the projection ray density and improves the overall 3D image quality. This technology is particularly critical for high density 008004 chip components on the PCBA design which are crucial in the semiconductor Advanced SIP processes. Moreover, the Semiconductor AOI now features height focus tracking capabilities that compensate for the lead frame board warpage, providing a practical solution for the lead frame process, which does not allow the usage of a vacuum table after die moulding.</p>
Micro-semiconductor AOI	<p>ViTrox's Micro AOI platform, introduced in 2022, is specifically designed to meet the rigorous inspection criteria of high-end semiconductor products. Equipped with 13 unique lighting channels, high-resolution 3D projectors and optical resolutions of 4.5µm/2.25µm, the Micro AOI is capable of performing die quality inspection and measurement, as well as wire-bond gold wire inspection with a minimum width of 0.8mil. The platform's advanced capabilities allow for the detection of missing wires, measurement of bond width, identification of broken wires and detection of double bonds, lifted bonds and wire sagging, making it an essential tool for semiconductor manufacturers seeking to ensure product reliability and quality.</p>

The AOI R&D team has gone the extra mile to make our AOI platform upgradable from SMT to Semiconductor or Micro-semiconductor AOI with lighting and vision system upgrades, allowing customers to minimise their investment costs when addressing challenging inspection criteria. This is in line with our mission to provide the most innovative and cost-effective solutions to our customers.

# MANAGEMENT DISCUSSION & ANALYSIS

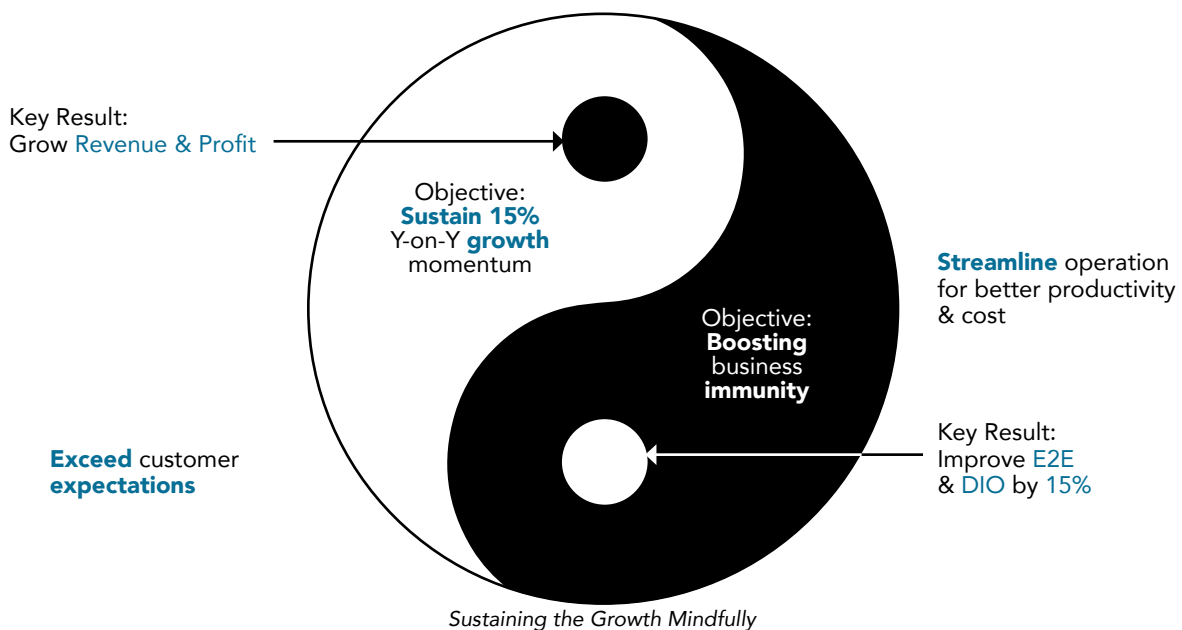
## OPERATION

At ViTrox, we are dedicated to fostering a positive and supportive workplace for all employees. Our commitment to employees' well-being and happiness has led us to implement several initiatives aimed at promoting a safe and healthy work environment. In April 2022, we held our first-ever Occupational Health & Safety ("OHS") Week virtually, a collaborative effort of our Facility, People Development and People Culture departments. The campaign aimed to raise awareness of the importance of workplace safety and was centred around our theme, "Prevention and control of workplace OHS hazards!" With over two-thirds (2/3) of ViTroxians participating, the campaign was a great success and reinforced our belief to promote a culture of safety and well-being for everyone.

During the COVID-19 pandemic, we placed the health and safety of our employees at the forefront. We implemented safety measures such as requiring masks, screening visitors, isolating employees returning from overseas, providing personal protective equipment ("PPE") and care packages, offering free herbal tea for wellness and setting up work from home ("WFH") options for those in need. We will continue to monitor the situation and make any necessary adjustments to keep our people safe.

Additionally, we have enhanced our flexible work arrangements, including flexible working hours, to provide our employees with more flexibility and work-life harmony. This allows them to avoid peak hour traffic and WFH as needed. We empower our employees with the right tools and support to create a highly productive and harmonious work environment beyond the traditional rigid and monotonous workplace.

To learn more about our response to COVID-19 and OHS Week, please refer to the Workplace Health and Safety section of our Sustainability Report 2022.



In the year under review, our team is confident in achieving another year of growth for ViTrox. With the shortage of semiconductor chips and ongoing demand for cutting-edge technologies such as EV, IoT, HPC, 5G and AI, the industry we operate in is expected to flourish. We aim to sustain this growth with a target of 15% for the year.

However, achieving this goal requires effort and dedication from our team. To reach our objectives, we must focus on acquiring new customers, offer more competitive products and continuously improve our time-to-market capabilities. At the same time, it is crucial to streamline and continually improve our operations to achieve better productivity and cost while ensuring stability and health. Our approach to expanding our business in 2022 is to do so mindfully and purposefully.

Today's world is characterised by volatility, uncertainty, complexity and ambiguity ("VUCA"). The tension between the USA and China is expected to persist, presenting opportunities and challenges to the global community. The world economy may be impacted if the Taiwan crisis escalates, and the threat of another regional lockdown due to the spread of COVID-19 variants is a concern. In light of these challenges, our theme for 2022 is "Sustain the Growth Mindfully", reflecting our commitment to serving our customers while staying vigilant and cautious.

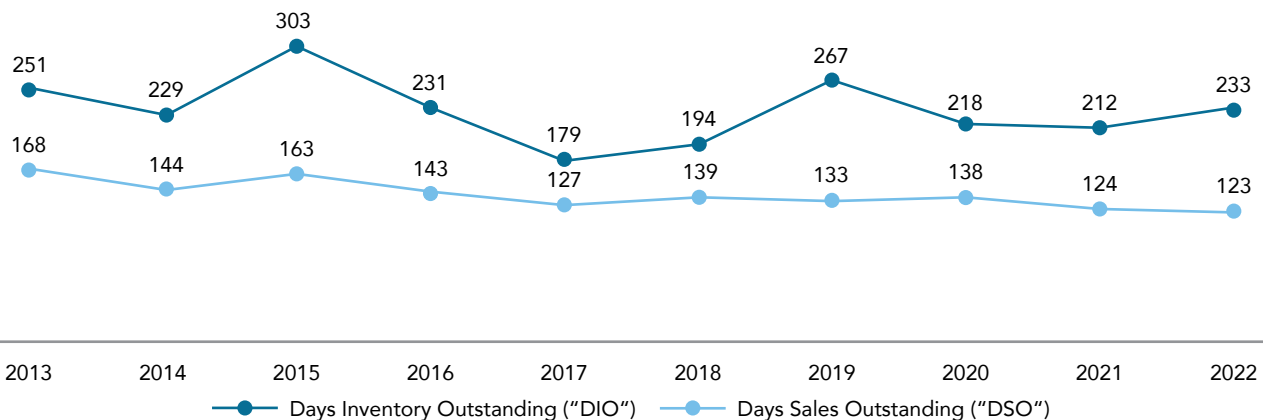
# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATION (CONT'D)

Our top two (2) operational goals for 2022 are to improve end-to-end ("E2E") lead time by 15% and decrease Days Inventory Outstanding ("DIO") by 15%. Despite material shortages and rising prices caused by inflation, we remain dedicated to serving our customers by implementing internal process improvements and collaborating with strategic suppliers and partners to secure essential components. These efforts have enabled us to deliver on time and in full, resulting in another year of record revenue and profit in 2022.

During the year under review, our Lean Deployment and Management Information Security ("MIS") teams successfully implemented various improvements aimed at increasing productivity across the organisation. They identified 49 opportunities for improvement in various functions, including manufacturing, logistics, stores, order fulfilment and procurement. Nineteen (19) of these opportunities (compared to 14 from the previous year) were successfully resolved through improved automated and streamlined processes, saving 7,513 hours annually and reducing operational costs by RM119,085 in 2022.

The Group's DIO deteriorated from 212 days to 233 days in 2022. The Group experienced material shortages and supply chain issues during the 1<sup>st</sup> half of 2022. We worked closely with our strategic suppliers to secure and stock up while working on other alternatives to sustain our continuing supply to our customers and minimise cancellation orders or order loss from our customers. The Days Sales Outstanding ("DSO") for the Group also showed marginal improvement from 124 days to 123 days in 2022, mainly due to better collection coupled with close monitoring of receivables.



## Our Education Arm



ViTrox Academy Sdn. Bhd. ("VA") is dedicated to providing industry-focused, inclusive and engaging education that nurtures competent talents for the industry. As the first institution in Malaysia to integrate work-based learning ("WBL") into the curriculum at the diploma level, VA's educational programmes are designed to provide students with practical learning experiences.

In 2022, VA obtained approval from the government to establish a private higher education institution and accreditation for our diploma courses in Mechatronics Engineering, Electrical and Electronic Engineering, and Electronic Engineering (Machine Vision). The first intake of the diploma programmes starts in January 2023.

VA has also partnered with six (6) universities in Malaysia, including Universiti Tunku Abdul Rahman ("UTAR"), Tunku Abdul Rahman University of Management and Technology ("TAR UMT"), Multimedia University ("MMU"), Universiti Teknologi PETRONAS ("UTP"), Curtin University Malaysia and Monash University Malaysia, to offer further study opportunities for our diploma graduates.

Additionally, VA has been accredited by Jabatan Pembangunan Kemahiran to offer Technical and Vocational Education and Training ("TVET") in Industrial Automation, starting with ten (10) students in January 2023. VA aims to bridge the gap between education and industry by providing students with relevant classroom experiences and a strong emphasis on technical skills, humanistic values and practical training.

The Academy has had a successful year with various programmes. More than 1,900 visitors, including students, their guardians and school teachers from more than 30 secondary schools, visited our Campus, and 1,076 primary and secondary school students attended 22 workshops at ViTrox Makerspace. Besides student programmes, VA also conducted five (5) sessions of our signature continuous professional development programme, The ViTrox Experience, to share ViTrox's best practices with 151 participants from over 60 local companies.

# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATION (CONT'D)

### Floor Space Expansion



*ViTrox Campus 3.0 (Architect Impression)*

In the past fiscal year, ViTrox increased our operational floor space from 404,443 sq. ft. to 458,891 sq. ft., demonstrating a 13.5% growth in space to accommodate our business growth in 2022. By the close of the fiscal year, ViTrox had utilised 94.4% of the available floor space at ViTrox Campus 2.0.

The new 450,000 sq. ft. ViTrox Campus 3.0 construction is progressing as planned, with a minor setback caused by a labour shortage in 2022. As of the end of December 2022, approximately 45.1% of the construction has been completed, and we anticipate that Campus 3.0 will be ready for operation in the early 2<sup>nd</sup> half of 2023, ready to support our business growth once the market recovers from its slowdown.

### Sustainability at Our Heart

At ViTrox, sustainability is at the forefront of our operations. We have always aimed to achieve sustainable growth in our core businesses by providing our global customers with the most advanced, innovative and cost-effective vision inspection and embedded electronics solutions. We aim to build a harmonious relationship with all stakeholders, including customers, employees, shareholders, suppliers and the community, which is a fundamental aspect of our operations. We believe in fulfilling our obligations as a responsible and conscious organisation to pursue a sustainable future, in line with our commitment to corporate governance.

Environmental, Social and Governance ("ESG") practices are deeply ingrained in our Company culture, from our founders to every ViTroxian. We operate with integrity, trust and respect, and we focus on providing innovative and cost-effective solutions to reduce global e-waste generated in manufacturing processes. Our guiding principles, I.A.C.T.G., shape our daily interactions with all stakeholders.



# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATION (CONT'D)

### Sustainability at Our Heart (Cont'd)

Our goal is to coexist with nature and grow our organisation to serve our customers better. ViTrox has taken concrete steps to give back to society through upskilling and uplifting activities through VA. We encourage our employees to participate in volunteer work that positively impacts the world.

In 2022 we further strengthened our ESG commitment through five (5) key focuses: green practices, accountability, caring employment, trustworthiness and sustainable governance. We are proud to align our efforts with the UN SDGs, striving to advance society and enhance the well-being of humankind.

Our impact on the environment was significant, with 836MWh of renewable energy generated through in-house photovoltaics and a reduction of 534 tonnes of CO<sub>2</sub> emissions. We also served 155,844 earth-friendly meals to our employees, reducing another 479 tonnes of CO<sub>2</sub> emissions and saving over 52,000 livestock. Additionally, we recycled 54 tonnes of waste materials. As an accountable purchaser, we sourced 56% of our materials from local suppliers.

As a caring employer, we hired 240 employees with tertiary education and above, all being local, and offered internships to 239 students. As a trusted corporation, ViTrox has cultivated a culture of volunteerism since our establishment, and we wish to increase the donation premised on our capital requirement and profitability.

As such, ViTrox sets aside 1% of our yearly PAT for donations. These donations are guided by two (2) of our main themes of the group-wide philanthropic strategy: (i) education to nurture talents and (ii) charity to alleviate poverty. The donation amount we contributed has been increasing over the years. In 2022, we donated approximately RM1,982,000 to support education and charity initiatives. Our ViTroxians clocked in 28,244 volunteer hours for various community and volunteer initiatives.

We are committed to driving diversity and inclusion initiatives, as evidenced by the increase in female representation on our Board to 44.4% from 28.6% a year ago. Our ESG efforts have been recognised, as we remain in the top 25% amongst Public Listed Companies in FTSE Bursa Malaysia EMAS assessed by FTSE Russell. We were honoured with the silver award for "Most Improved Performance Over Three Years" at The Edge ESG Awards 2022, under the equity category of companies with a market capitalisation of over RM5 billion. In addition, we were named the Best Managed Company by Deloitte in 2022.

For ViTrox's sustainability initiatives, please refer to our Sustainability Report 2022.

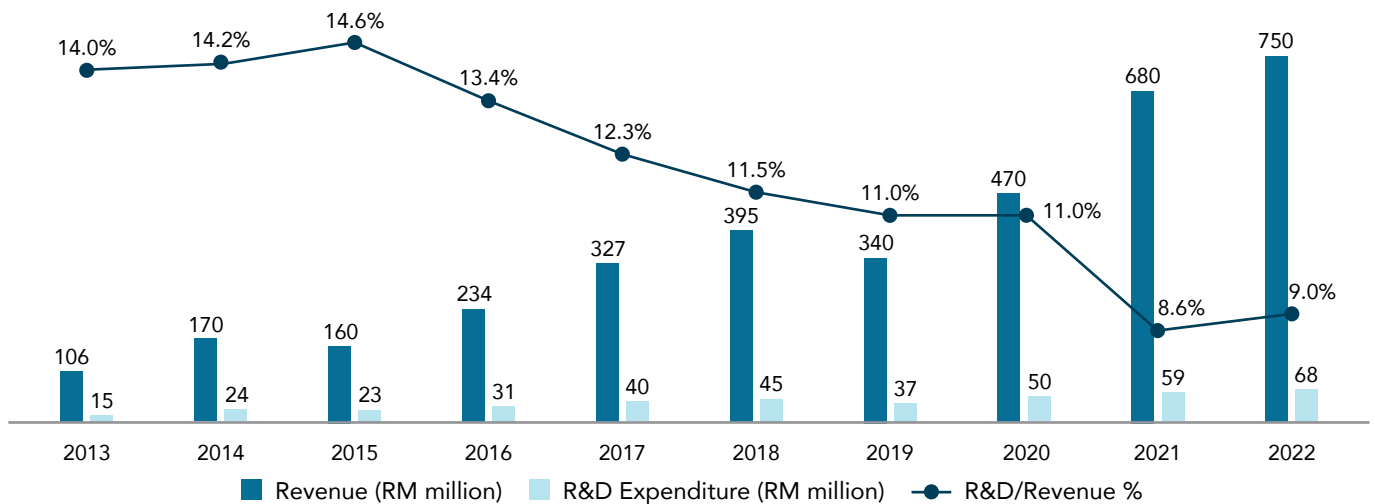


# MANAGEMENT DISCUSSION & ANALYSIS

## RESEARCH AND DEVELOPMENT

As a leading technology Company in machine vision and embedded electronics technologies for the back-end semiconductors and electronic assembly industries, our focus on R&D is crucial for our long-term success and staying ahead in these rapidly evolving industries. We are committed to providing the most innovative, advanced and cost-effective inspection and embedded electronics solutions to meet our customers' needs in the Industry 4.0 era. With this commitment, ViTrox has continually invested about 10% of ViTrox's revenue annually in R&D activities.

**R&D Expenditure versus Revenue**



Due to the severe talent shortage in the region, we reprioritised a segment of our R&D resources in 2022 to support customers' request for capacity expansion, resulting in 9.0% of revenue spent on R&D company-wide. The Group's R&D expenditure percentage over revenue dropped below 10% due to the exceptional revenue growth since 2021.

The 9.0% of revenue spent on R&D company-wide is equivalent to investment totalling RM67.5 million in R&D, representing a 15.4% increase in value compared to the previous year. Our global engineering team also grew from 579 engineers to 618 engineers, a 6.7% increase, and focused on research, development and technical support activities in advanced inspection algorithms, ML for sophisticated defect detection, digital twin communication, complex data analysis, and advanced robotics and automation.

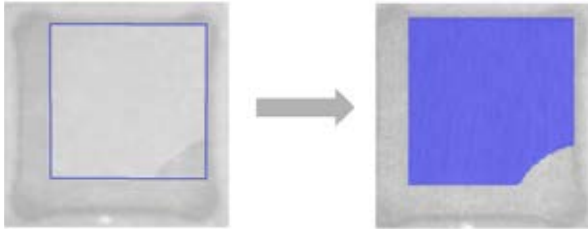
As we strive to maintain our leadership position, our commitment to R&D remains steadfast. Over the next decade, we will continue to invest heavily in areas such as machine vision technologies, AI, robotics and automation, embedded electronics and the Artificial Intelligence of Things ("AIoT"). These cutting-edge technologies will play a crucial role in supporting the transformation of various industries towards Industry 4.0.

We have made significant progress in our R&D efforts in the past year.



# MANAGEMENT DISCUSSION & ANALYSIS

## RESEARCH AND DEVELOPMENT (CONT'D)



*Chip Edge Detection*

### Chip Edge Detection in Post Seal Inspection

Post seal inspection is the final gate for the manufacturer to catch defects before the finished reel is packed and sent to customers. It is a vital step to ensure the product that passed through post seal inspection meets the highest quality standards. One of the challenges of post seal inspection is to detect the edge of the chip, which is a crucial reference for other measurements or inspections. The on-the-fly vision inspection, which faces the challenge of minimum camera grab time and force of vibration during tape movement, piles up the complexity of the detection. Moreover, the package is positioned under a seal tape which causes reflections.

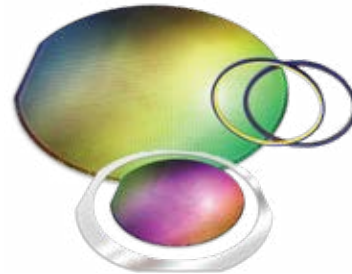
To solve this problem, we engaged in a holistic approach to combining the efforts from lens selection, camera selection and light source design. Our cross-functional team of various engineering disciplines work actively together to develop solutions to address this issue. We are progressing in getting a comprehensive solution to tackle various types of post seal tape scenarios. We will launch it as an NPI in the coming years.

### ViTrox AI Auto Programming

As the 3D AOI AI Auto programming is now mature and fully functional, we will proliferate this technology to our V9i and 3D AXI systems. We made significant progress in 2022 with AI auto programming on these platforms, but efforts are still needed in 2023 to improve the coverage. We are committed to advancing our AI Auto programming features for these platforms as our objective is to achieve real Industry 4.0 solutions.

### Gen 3.4 X-ray Camera

Moving into 2023, ViTrox AXI R&D is researching a new scintillation material and x-ray optics, which are expected to enhance x-ray camera light yield and quantum efficiency ("QE") by more than 50%. This improvement in the x-ray camera's signal-to-noise ("SNR") performance will significantly address the heavily shaded connector inspection requirements for 5G and 6G networking products. Besides the image clarity and SNR improvement, the new camera is expected to deliver significant throughput improvement.



*Raw wafer, hoop ring, and frame wafer*

### Advanced Image Processing In High-Resolution Camera Sensor

Due to the prediction of Moore's law on the exponential growth of computing power, the package size will continue to shrink in size and with more complicated circuitry packaged into the die. At the same time, in order to maximise the production capacity and optimise the production process, more wafer fabrication is invested into 12" wafer fabrication with a smaller die size. This poses a challenge to the vision system to capture and process tiny defects which are normally sub-micron level.

With a 12" wafer, the scan time is unable to cope with the production demand due to the speed index being too slow to capture the small die size with a high-resolution camera. To improve the throughput process, the image-capturing process needs to be completed on-the-fly. With the high-resolution camera and on-the-fly capture, we need to develop advanced image processing to extract the information accurately for processing. There are multi-disciplines involved in this R&D process; comprising computer engineering and architectural design, operation system, parallel processing and advanced image processing.

This advanced image processing technology will involve a great extent of innovative design and development solutions to ensure wafer inspection machines remain competitive in the industry.

### Automated Robotic AI Inspection

Industry 4.0 represents the next wave of technology driving efficiency across operations. Failing to adopt the technology of the Industrial Revolution 4.0 will cause organisations to fall behind, as their operations will not be digitised to match competitors. We will further advance our V9i, Automated Robotic Vision Solution, with the latest AI technology, Anomaly Inspection as we observed that the SMT industry lacks the final inspection solution. The prototype release has proven to improve the first pass yield for the line to 90% with state-of-the-art call accuracy. Our R&D team will continue to make this algorithm robust and comprehensive. The V9i has been adopted by multiple Tier 1 MNCs, CMs and OEMs as it offers proven technology to mimic human inspection for conformal coating and final inspection solution.



# MANAGEMENT DISCUSSION & ANALYSIS

## RESEARCH AND DEVELOPMENT (CONT'D)



### V-ONE® in Industry 4.0

Industry 4.0 comes with the evolution of smart manufacturing and digital technologies that will improve productivity and efficiency, create better flexibility and agility, increase profitability and improve the customer experience through more personalised and intelligent products. The seamless integration of software, equipment and people increases the speed, reliability and flow of information among all systems of a manufacturer with the ultimate goal of eliminating setups or human interference. ABI has achieved dramatic advancement in our Industry 4.0 solution offerings in this arena, with the following R&D focuses in 2022:-

- In Q1 2023, we will officially release the ONEView technology for our 3D SPI, 3D AOI and 3D AXI, which allows the user to perform troubleshooting and root cause finding effectively. The availability of SPI, AOI and AXI images or measurements in ONEView allows manufacturing experts to trace back to the solder volume, solder printing offset, component placement offset and x-ray image to ease the failure analysis, hence, improving overall process and quality.

- Our SPI, AOI and AXI pin-level reporting are synchronised. This alignment is critical for big data analysis as the data available are consistent, which allows the adoption of AI process self-optimisation either with their own R&D effort, use of third-party AI solution or ViTrox process self-optimisation AI software. Our R&D focus on V-ONE® Industry 4.0 software in 2023 will enhance our AI process self-optimisation and predictive maintenance/failure. This was also one of the reasons why we decided to develop and launch the SPI system two (2) years ago, even though we knew that we were late to the market. Without the SPI system, big data analysis cannot be performed effectively.
- Combined with our AOI AI Auto programming, AOI AI Auto Buyoff, V-Tune and Control Tower, we enable our end customers to be one step closer to the ultimate goal for Industry 4.0, which is to transform into lights-out manufacturing. It is important to highlight that ViTrox is the 1<sup>st</sup> supplier in the market to offer fully functional AOI AI Auto programming and AOI AI Auto Buyoff instead of partial solutions. Many MNCs, CM and OEM companies have adopted these technological differentiations.

We are committed to propel ABI's R&D forward to advance the current ONEView to meet the next release with ONEView Process Insight and maximise the production yield further. We predict that the AI will be able to replace an experienced worker in the SMT line, whereby the AI model will make real-time decisions by learning the complicated correlations between equipment data, process parameters and materials.



High-Resolution Image Projector

### High-Resolution Image Projector

The image projector is a crucial component in Phase Shift Profilometry ("PSP") 3D measurement. Our R&D team has progressed further into enhancing the high-resolution projector. We can achieve a higher resolution projector by integrating our in-house optics with a custom-made Liquid Crystal on Silicon ("LCoS") projector screen. This technology enables our inspection system to scan smaller objects with higher resolution.

### Micro 3D AOI

Semiconductor manufacturing has evolved from traditional packaging into advanced packaging, bringing more system-in-package, modular design with stacking components and 3D IC, etc. As we see the need for high-performance and high-resolution 3D AOI to support the market requirement, the ABI division launched the semiconductor 3D AOI in late 2021. We continued our R&D effort to release the next generation of 3D AOI, known as Micro 3D AOI, to cater for the complex PCBA design from the semiconductor market that has components as close as 80µm from each other and packed with components as tiny as 008004 (0.25 x 0.125 mm).

The Micro 3D AOI which is in the final R&D stage, incorporates ViTrox's projectors engine that enables accurate measurement of mirror components, white PCB board with a white component, wire bonding and components that are mounted very close to each other. Coupled with the innovative image acquisition engine, we can achieve a super-resolution of 2.25µm without sacrificing the depth of view and incorporating best-in-class inspection cycle time. As of today, we have evaluated the Micro AOI with multiple semiconductor customers with proven and working solutions. We will deploy similar technology on our SPI system to accommodate the needs of the semiconductor market.

# MANAGEMENT DISCUSSION & ANALYSIS

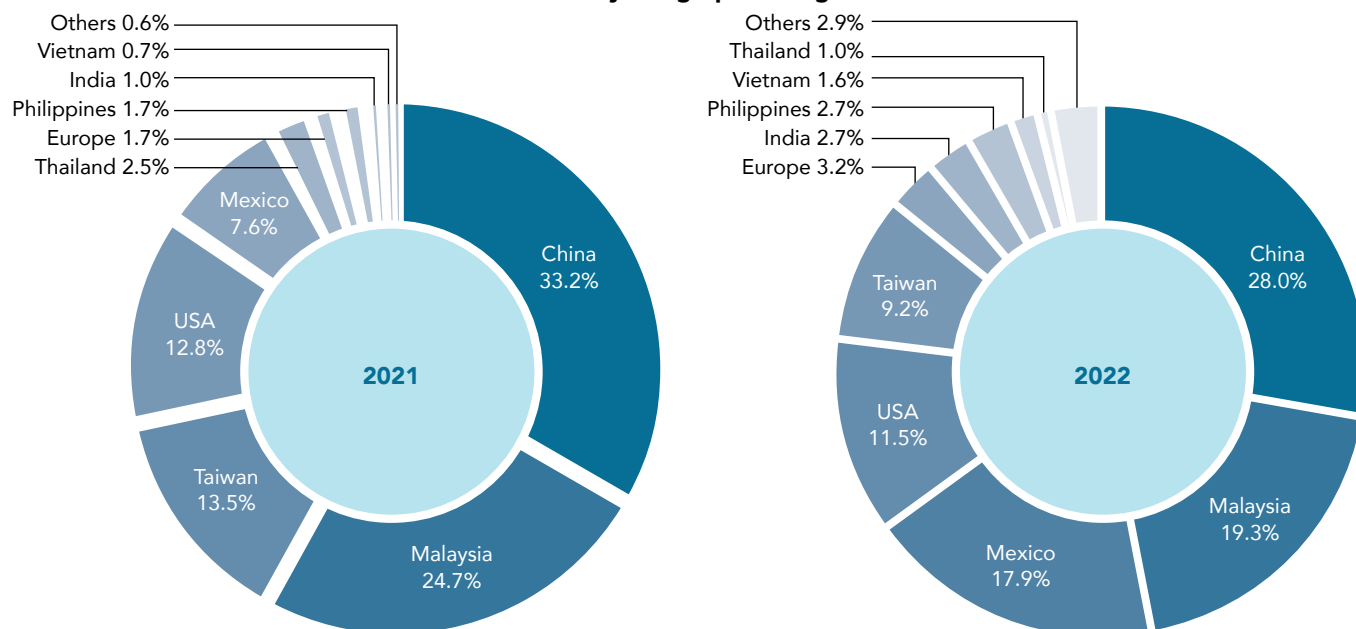
## SALES & MARKETING

Building strong, long-term partnerships with a diverse range of customers is key to our strategy for sustained growth and profitability. To achieve this goal, we are committed to working closely with our existing and new sales channel partners ("SCPs") and distributors worldwide to bring our unique value propositions to more customers. We work towards sustaining a strong partnership with our existing SCPs and distributors, enabling them to achieve the best yields and return on investment in the industry.

ViTrox's worldwide installed product bases increased by 15.8% from 2021 to 2022, and from 685 to 793. This growth demonstrates that our Tier 1 and Tier 2 customers in the OEM, OSAT, EMS and CM sectors highly value our products. Our top ten (10) largest customers represented 59.0% of our total revenue; the top 20 largest customers contributed 72.5%. These figures showcase the robustness and versatility of our business despite the disruptions in the global supply chain and market uncertainties.

In 2022, ViTrox exported 80.7% of our goods and services to 44 countries worldwide. This figure represented an 18.1% increase from RM512.4 million in 2021 to RM605.4 million in 2022.

**Revenue by Geographical Segment**



In 2022, China remained the largest revenue contributor, accounting for 28.0% of total revenue, although down from 33.2% the previous year. The shift is due to increased revenue from Mexico, as electronic assembly manufacturing activities have moved from China to other regions due to trade tensions with the USA. Despite this, China remains an essential market for long-term growth and profitability, and we will continue to invest in the country to support its self-sufficiency policy.

The decoupling of China and the USA has led to rapid growth in Mexico, with revenue soaring by 161.6% compared to 2021. This expansion in manufacturing capacity supports western markets in the areas of EV, HPC and AI, and revenue contribution from the USA and Mexico has increased from 20.4% to 29.4% in 2022, surpassing China's revenue contribution.

As MNCs diversify their manufacturing activities to other regions to mitigate potential risks of sanctions from the USA, we have seen strong growth in revenue from India, Europe, Vietnam and the Philippines, attributing the growth of 203.4%, 106.3%, 164.7% and 78.4% respectively.

### Machine Vision System ("MVS")

MVS-S and MVS-T experienced a slight dip in 2022 revenue. In 2022, a series of cascaded events like the high inflation, slow down of the economy, the COVID-19 lockdown in cities of China and the supply glut led to slow market demand, which inevitably posed multiple challenges to us. Despite that, we observed a few market segments, namely automotive, autonomous driving, HPC and AI applications, that are still experiencing growth and will be our key focuses for 2023.

# MANAGEMENT DISCUSSION & ANALYSIS

## SALES & MARKETING (CONT'D)

### MVS-S

MVS-S has broken records with its all-time high revenue in 2021, and the momentum continued into Q1 2022, which was the 2<sup>nd</sup> highest quarterly revenue. This remarkable achievement is a testament to the Company's commitment to providing exceptional solutions to our customers.

However, the journey has not been without its challenges. With tensions between the USA and China, the China market demand dropped drastically in Q2 2022. Despite this setback, the Company persevered, and the revenue of 2022 marked the 2<sup>nd</sup> highest in the Company's history, surpassing 2020 by 32.6% but declining by 20.3% compared to 2021.

The automotive industry has become the primary source of revenue for MVS-S, overtaking consumer electronics and telecommunications. The demand for automotive chips has been accelerated by various government incentives to set up EV plants and promote EV. With our advanced vision inspection system, MVS-S has developed several solutions to meet the automotive industry's stringent requirements, resulting in a large number of orders from the sector.

The vision system product, including the post-seal inspection machine VR20, has gained popularity among customers due to the multiple on-the-fly vision checks that improve quality and throughput. As the Company looks to the future, it will integrate more AI-enabled and Industry 4.0 technologies to develop even more innovative solutions with customers.

Despite market challenges in the 1<sup>st</sup> half of 2023, MVS-S remains confident and poised for growth, with expectations of a market pickup in the 2<sup>nd</sup> half of the year, particularly as China's market begins to open up after COVID-19 lockdowns. The Company will also expand our market in countries such as Malaysia, Thailand and the Philippines while exploring new markets such as Vietnam, India and Mexico for emerging opportunities.

With our unwavering commitment to quality and innovation, MVS-S is set to continue making significant strides in the semiconductor industry and delivering value to our customers.

### MVS-T

MVS-T achieved the 2<sup>nd</sup> highest revenue in our history, driven by steady growth in China and surging demand for semiconductors due to the rise of 5G, EV, autonomous driving and AI applications.

Looking ahead, we are confident that MVS-T is well-positioned to capitalise on the exciting developments in the semiconductor industry. With the proliferation of autonomous driving, EVs, HPC and AI applications, we expect a surge in demand in next few years, and we are ready to meet these evolving requirements with innovative technology.

Our top priority for 2023 is to provide exceptional value-adding sales and support to our customers in critical markets, prioritise building long-term relationships with them, and offer rapid and continuous innovation to help them succeed in their industries.

### ABI

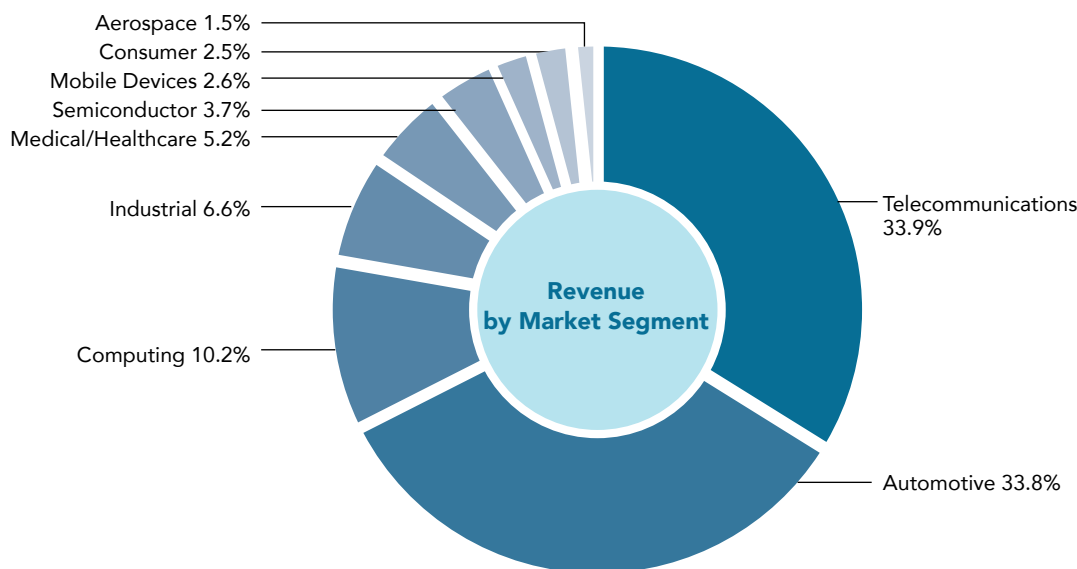
In spite of the ever-changing electronics and semiconductors industry, ABI remains focused on our mission of growing revenue and increasing the customer base in the electronics and semiconductors industry. In 2022, everything we do was rooted in our mission to be the most advanced, innovative and cost-effective automated vision inspection company in addressing the challenges of the SMT and semiconductor market. With the technological advancement we have developed over the past two (2) years, we have successfully added 32 new customers from Tier 1, 2 and 3 CM, OEM and OSAT. Through our authentic ViTrox brands, we push the limits of our products, experience and services to drive brand desire in the various markets/industries and capitalise on growth opportunities in the electronics industry. As we aim to be the world's most trusted technology company, we aspire to be trusted by all customers we serve and target strong market positions in all markets in which we compete. We believe that through our products and services, we have the superiority to improve the quality, reduce the operation cost and shorten product time to market of our customers we serve in the 5G digital cellular networks, smart appliance, IoT, industrial, aerospace, AI, consumer, automotive, mobile and semiconductors market segments.

# MANAGEMENT DISCUSSION & ANALYSIS

## SALES & MARKETING (CONT'D)

### ABI (Cont'd)

As predicted in early 2022, the reopening of the global economy after the COVID-19 pandemic, the manufacturing footprint transition due to the trade war, and technological advancement in our AI solutions will create ample growth opportunities for ABI in 2022. Accordingly, we see orders significantly improved consistently from quarter to quarter in 2022, where we have achieved another record-breaking in revenue, profits, equipment shipped and orders from existing and new customers with surpassing revenue of more than RM500 million, achieving year-on-year growth of almost 40%. The revenue contribution from SPI, AOI and AXI has also been outstanding, with year-to-year growth achieving 84.3%, 63.9% and 32.4%, respectively. In the case of the revenue expansion of ABI in various territories, we have also achieved an encouraging result with a growth of 2.4% from China, 20.4% from Asia, 88.2% from the USA and Mexico, and 132.4% from Europe, the Middle East and Africa. Another important point to highlight is we have added five (5) new SCPs to help us in expanding our market coverage and win new accounts. These new SCPs have helped us to win 11 new customers with order winnings of RM18.5 million.



In the year 2022, the telecommunications market segment contributed 33.9% of the overall ABI revenue. Digitalisation, mobility, connectivity and personalisation remain the most important current trends within consumer electronics, as technology has been moulded to help users connect in a seamless and meaningful way which is propelling the millions of 5G base stations, billions of US dollars in 5G service market, billions of 5G mobile subscriptions, and billions of 5G related applications devices in the next few years. In short, 5G is paving the way for a fully digitalised and connected world with significant growth opportunities from both semiconductor and SMT markets.

The 2<sup>nd</sup> largest market segment that fueled the growth of ABI is the automotive segment, with a contribution of 33.8%. This is driven by the increase in electronic content of this segment, especially in the EV and hydrogen fuel cell sectors, where the market adoption rate has grown exponentially in the past two (2) years. The initiative from the developed countries for a green environment is the prime topic and one that causes industrial growth in the next five (5) to ten (10) years. The automotive business model will also evolve, whereby a new source of revenue will be created from the car-sharing, e-hailing and connectivity services markets. At this juncture, ABI is the key player in providing the SMT solution to the majority of the USA and some China EV automakers.

# MANAGEMENT DISCUSSION & ANALYSIS

## SALES & MARKETING (CONT'D)

### ABI (Cont'd)

ABI has successfully navigated the growth wave of the telecommunication, automotive and semiconductor market segments by investing in R&D to develop state-of-the-art technology that sets our products and solutions apart from competitors. To support this growth, ABI has several key initiatives in place, including:-

- Focus on growth segments: ABI will continue to focus on the telecommunications, automotive and semiconductor market segments, anticipating significant growth over the next five (5) years.
- Extend market reach: ABI plans to extend the market reach by adding new SCPs or staff in areas with weak coverage to penetrate new accounts and white space. In 2022, ABI expanded the direct support structures in key growth areas, such as Vietnam, Taiwan, Malaysia, China, the USA and India, with the belief that support excellence is the foundation for business growth and long-term customer partnerships.
- Promote one-stop solution: ABI will continue to promote our one-stop hardware and software solution, offering a full-blown platform from the V-ONE® Industry 4.0 software to AI, SPI, AOI, AXI and V9i. This value differentiation has successfully penetrated new accounts.
- Venture into adjacent markets: ABI will venture into adjacent markets, such as bare PCB, semiconductor, AI manufacturing execution systems ("ES") software and other segments.
- Launch new products: ABI will continue to launch new products or technology differentiation that sets us apart from competitors. We have released many new technologies with intellectual property protection that create distance between our products and competitors.

Despite the success, ABI faces challenges in 2023 due to various unfavourable factors driving the market towards recession, including the tension between Russia and Ukraine, the increase in fuel prices and inflation rising faster than expected. In response, ABI has taken proactive steps to strengthen the stronghold by developing new technologies and extending market reach to win new accounts, minimising the impact of any downturn.

In conclusion, ABI's success is attributed to our ability to ride the growth wave and differentiate ourselves from competitors. Our key initiatives above will enable us to weather challenges and succeed in the years ahead.

## BUSINESS STRATEGIES

Despite facing various challenges, such as trade tensions between the USA and China, COVID-19 movement control measures implemented in China and economic slowdown in developed countries due to inflation from the Russian-Ukrainian conflict, ViTrox has shown remarkable resilience in achieving the 2022 growth targets. ViTrox achieved a 10.3% increase in revenue and an 18.3% increase in PAT, demonstrating the Company's ability to sustain our growth mindfully.

Although the back-end semiconductor industry slowed down and our MVS-S and MVS-T business declined by 20% compared to the previous year, ViTrox could still take advantage of opportunities in growing areas such as EV, HPC and 5G telecommunications infrastructure. Additionally, electronics contract manufacturing is shifting to other countries like Mexico, India, East Europe, Vietnam and Malaysia, which creates further opportunities for us. Our long-term SCPs and internal sales and support team have played a crucial role in bringing growth to our ABI business, which has a strong presence in these countries, by 39.0%, from RM360.1 million in the previous year to RM500.6 million in 2022. This growth helped balance the decline in business from MVS-S and MVS-T and allowed the Company to achieve three (3) consecutive years of revenue and profit growth since 2020.

ViTrox attributes our success to long-term and consistent business strategies focused on customer-oriented innovation and aggressive market expansion in high-growth areas. These strategies have proven effective and executed well with excellent outcomes, demonstrating ViTrox's ability to overcome challenges and thrive in a dynamic business environment.

In 2023, we are adopting the theme "Recharge and Resilient" as we anticipate a slowdown in the technology sector and a challenging 1<sup>st</sup> half of the year. Rather than solely focusing on securing new business orders, we are dedicating ourselves to enhancing our capabilities in NPI and stronger customer relations on a global scale. This presents a unique opportunity to understand better our customers' requirements, needs and roadmaps, ultimately creating strong product and service pipelines to support them during these uncertain times and be prepared when the market recovers. We will focus on improving ourselves by sharpening our skills, improving our operations, expanding our manufacturing and R&D floor space and prioritising cost-effectiveness. We aim to serve our customers quickly and professionally with the spirit of I.A.C.T.G. We are determined to tackle these challenges head-on and emerge stronger than ever before.

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS STRATEGIES (CONT'D)

In 2023, we are implementing several core business strategies to ensure our continued growth and success. Firstly, we will focus on serving our top customers with speed and agility while exploring new opportunities in growing markets such as EV, HPC, telecommunications infrastructure, AI and AIoT, and expanding our reach in regions such as the USA, India, Vietnam, Thailand, China, Korea and the Philippines. As China reopens its borders and the threat of COVID-19 diminishes, our sales and support team will work closely with our worldwide SCPs to go to the field and enlighten our customers with our new and enhanced product offerings. We will also participate in various international trade shows and build more partnerships with reliable sales channels.

Secondly, we are committed to accelerating NPI by 100% adoption of integrated product development ("IPD") in all business units. By significantly strengthening our ability to launch new and enhanced products and services to our customers on time, we aim to launch at least two (2) new or enhanced products annually by each business unit. Our key focus on NPI in 2023 will be AI and machine-to-machine ("M2M") management through V-ONE® integration, offering the unmatched performance of machine capability with adaptive AI to support customers' Industry 4.0 needs and productivity.

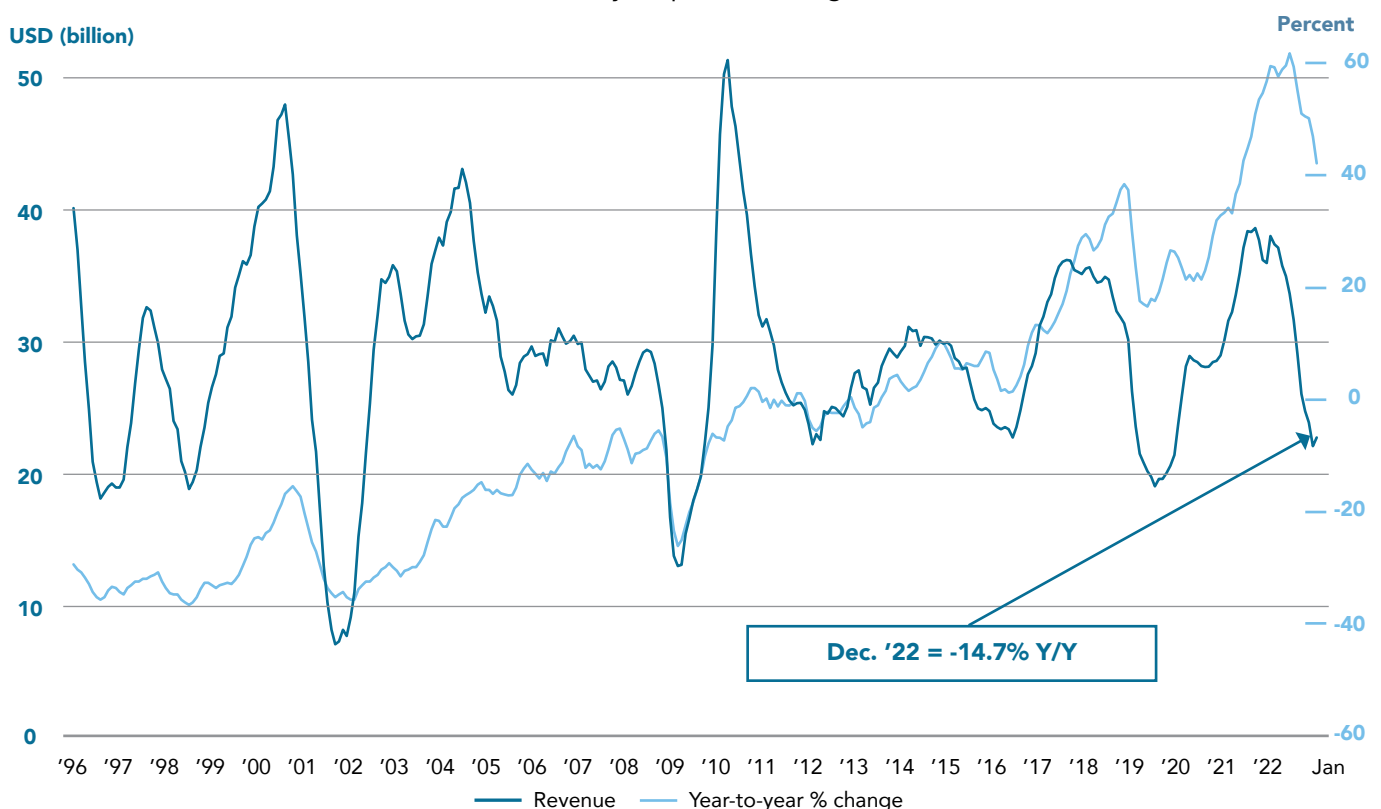
Thirdly, we will prepare for the future by investing in additional floor space in the 2<sup>nd</sup> half of 2023. Our new Campus 3.0 will include a new manufacturing floor, warehouse, R&D offices and Body, Mind and Soul ("BMS") facilities, increasing our total floor space from 450,000 sq. ft. to more than 900,000 sq. ft. The additional floor space will allow us to capture new opportunities when the semiconductor and electronics market recovers in the next six (6) to nine (9) months.

Fourthly, we will focus on talent attraction and development. Despite the expected slowdown in the 1<sup>st</sup> half of 2023, we will continue to step up efforts to attract, retain and develop more talents, especially in the engineering, computer science and machine vision fields, to prepare for the next wave of growth in the semiconductor, electronics and agriculture industries.

Lastly, we recognise that a strong local supply chain ecosystem is critical for long-term growth and sustainability. Hence, we will continue to invest in and develop our local partners' technologies, skills and manpower. As part of our long-term ESG initiatives, this will enable our partners to support our ten (10)-year master plan and build a strong local technology ecosystem, benefiting from the high demand for robotic, machine vision and AI technologies in the era of Industry 4.0.

## Market Outlook 2023

**Worldwide Semiconductor Revenues**  
(Year-to-year percent change)



Source: World Semiconductor Trade Statistics<sup>1</sup>



# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS STRATEGIES (CONT'D)

### Market Outlook 2023 (Cont'd)

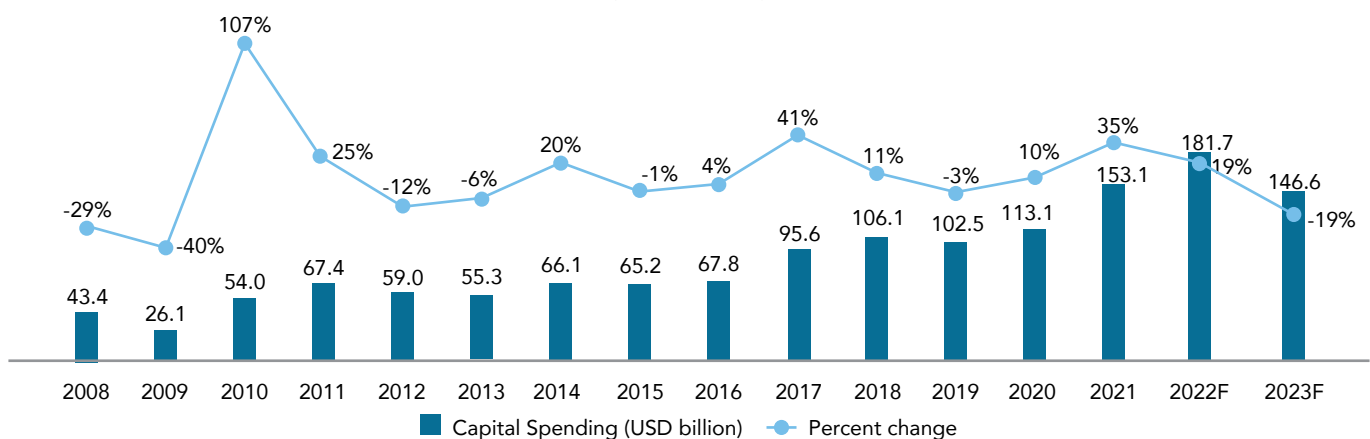
The Semiconductor Industry Association ("SIA"), in its new release on 3 February 2023, highlights that the global semiconductor industry had a strong year in 2022, reaching a record-high sales figure of USD573.5 billion. This is an increase of 3.2% compared to the previous year. However, sales decreased by 14.7% in the 2<sup>nd</sup> of 2022 compared to the same period in 2021.<sup>1</sup>

The sales drop in the latter part of the year happened because of a regular downturn in the market and macroeconomic conditions. Despite this short-term fluctuation, the long-term outlook for the semiconductor market remains strong, driven by the increasing use of chips in making the world more connected, smarter and efficient.<sup>1</sup>

Regarding regional sales, the USA saw the largest increase in sales (16.0%) in 2022, while China remained the largest individual market for semiconductors, with sales of USD180.3 billion. However, this was a decrease of 6.3% compared to 2021. The annual sales increased in Europe (12.7%) and Japan (10.0%) in 2022.<sup>1</sup>

SIA also highlighted the growth of several semiconductor product segments in 2022. Analogue, commonly used in vehicles, consumer goods and computers, had the highest annual growth rate of 7.5%, reaching USD89 billion in sales. Logic and memory were the largest semiconductor categories by sales, with sales of USD176 billion and USD130 billion, respectively. Sales of automotive ICs also grew significantly, with a 29.2% increase year-over-year to a record total of USD34.1 billion.<sup>1</sup>

**Worldwide Semiconductor Capital Spending Trends**  
(2008-2023F)



Source: IC Insights<sup>2</sup>

At the start of 2022, semiconductor suppliers enjoyed a strong influx of orders due to robust post-COVID-19 economic activity. Booming demand pushed most wafer fabrication utilisation rates well above 90%. Many semiconductor foundries operated at 100% utilisation. Semiconductor companies set capital spending budgets for 2022 to reflect the strong ongoing demand.<sup>2</sup>

Halfway into the year, however, that outlook abruptly changed. Soaring inflation quickly slowed the global economy, forcing many semiconductor manufacturers to reduce their aggressive expansion plans.<sup>2</sup>

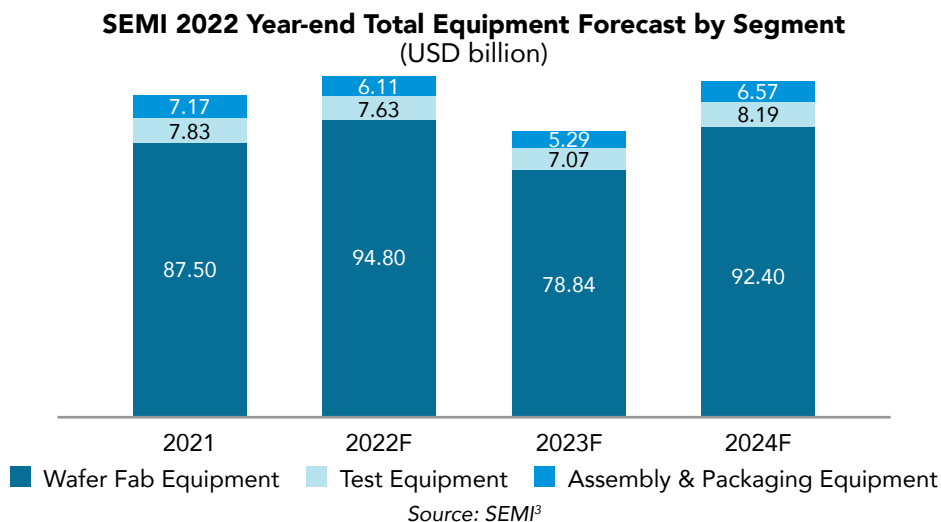
As a result, IC Insights has revised its 2022 worldwide semiconductor capital spending forecast to show a 19% increase in 2022 to USD181.7 billion. The revised capital expenditure forecast represents a decrease from the initially forecasted USD190.4 billion and 24% growth. Though lowered from the initial outlook, the revised capital expenditure forecast will still amount to a new record-high level of spending.<sup>2</sup>

With the memory market collapsing in the 2<sup>nd</sup> half of 2022, and weakness expected to continue through the 1<sup>st</sup> half of 2023, capital spending for memory is forecast to decline at least 25% in 2023. Moreover, the newly enacted USA sanctions on China's semiconductor producers, especially those regarding semiconductor production equipment acquisitions from the USA companies, are expected to lead to Chinese company semiconductor industry capital outlays being cut by 30% or more in 2023. Overall, these two (2) factors are the driving force behind the forecasted -19% drop in total worldwide semiconductor industry spending in 2023 and the steepest decline since the global financial meltdown in 2008-2009.<sup>2</sup>

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS STRATEGIES (CONT'D)

### Market Outlook 2023 (Cont'd)



In addition, according to Semiconductor Equipment and Materials International ("SEMI"), global sales of semiconductor manufacturing equipment by OEM are expected to reach USD108.5 billion in 2022, a 5.9% increase from the previous industry record of USD102.5 billion in 2021, marking three (3) consecutive years of record revenue. In 2022, the wafer fabrication equipment segment was expected to reach a new industry record of USD94.8 billion, growing by 8.3%, followed by a contraction of 16.8% to USD78.8 billion in 2023, rebounding with a growth of 17.2% to USD92.4 billion in 2024. The foundry and logic segment is expected to rise 16% year-over-year to USD53.0 billion in 2022, while dynamic random-access memory ("DRAM") and NAND equipment sales are projected to fall. Back-end equipment segment sales are also expected to decline due to challenging macroeconomic and semiconductor industry conditions, though they are predicted to improve in 2024.<sup>3</sup>

China, Taiwan and Korea are expected to remain the top three (3) destinations for equipment spending in 2022. China is projected to maintain the top position in 2023, while Taiwan is expected to regain the lead in 2024. Equipment spending is expected to grow in 2022 for all regions tracked, except for Korea. However, most regions will see a decrease in 2023 before returning to growth in 2024.<sup>3</sup>

Ajit Manocha, SEMI President and CEO, stated that emerging applications in multiple markets had set expectations for significant semiconductor industry growth this decade, which will necessitate further investments to expand production capacity. Overall, the semiconductor manufacturing equipment market is expected to contract to USD91.2 billion in 2023 before rebounding in 2024, driven by both the front-end and back-end segments.<sup>3</sup>

In conclusion, while the short-term downturn may be challenging for the semiconductor industry, the long-term prospects are bright. Chips are crucial to emerging technologies, breakthroughs in medicine and innovation, and electric grid and climate solutions. The strong growth drivers of the automotive and wireless communication sectors will power demand in the chip industry in the next decade.

Sources:-

<sup>1</sup> <https://www.semiconductors.org/>

<sup>2</sup> <https://evertiq.com/>

<sup>3</sup> <https://www.semi.org/>

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS STRATEGIES (CONT'D)

### ViTrox's Outlook: Cautiously Optimistic with Limited Growth in the 2<sup>nd</sup> Half of 2023

ViTrox has experienced three (3) consecutive years of strong double-digit growth, a testament to our ability to excel in challenging markets. Although we anticipate a brief pause in growth during the 1<sup>st</sup> half of 2023 due to unfavourable global macroeconomic conditions and material shortage, we are confident in our resilience and agility to weather this storm. In the 2<sup>nd</sup> half of the year, we expect a surge in demand for our products in China as the country reopens its borders and the government provides strong support. Once the inventory correction ends at the end of the 1<sup>st</sup> half of 2023, we believe production capacity will start to increase with returning consumer confidence. We are cautiously optimistic about the 2023 outlook and will execute our strategies to prepare for the next wave of double-digit growth in 2024 and beyond.

In 2023, our biggest challenge is expected to be the talent shortage caused by the brain drain of local talent to countries like Singapore and China, as well as the aggressive expansions of many MNCs in Penang, due to a high influx of foreign direct investment ("FDI") to the nation. This has increased the demand for AI engineers, embedded electronics circuit design and firmware engineers and mechanical engineers, exacerbating the talent shortage in the near term. This talent shortage affects our ability to launch more NPIs to support worldwide customers and significantly impacts the growth of many local technology companies due to the loss of talent to MNCs.

## GRATITUDE FROM MANAGING DIRECTOR / PRESIDENT / CEO



In 2022, we faced many challenges – from the ongoing COVID-19 pandemic to economic struggles and geopolitical tensions. Despite these difficulties, our team at ViTrox remained united and focused on our mission to serve our customers, collaborate with our partners and care for our community with I.A.C.T.G. values. Through resilience and hard work, we achieved business growth and new records in revenue and profit.

Additionally, we made significant investments in agricultural technology to improve food safety and security for our nation. We also established tertiary education programmes to cultivate more engineering talents to address the talent shortage issue in the country. This is well aligned with our belief in long-term business and planet sustainability.

None of this would have been possible without the dedication and commitment of the entire ViTrox team, I am extremely grateful for their trust and support. With the spirit of One Vision, One Voice, One Team, we will continue to work diligently towards our goal of making a net positive impact on the world through compassionate innovation. We are determined to contribute to the advancement of society and the well-being of humankind.

The management team would like to express our heartfelt gratitude to the Board, our customers, shareholders, business partners and relevant government authorities for your invaluable guidance, trust, business opportunities and unwavering support throughout the year. We deeply appreciate your continued support and look forward to continuing our partnership in the years to come. Thank you.

This statement was made in accordance with a resolution of the Board dated 6 April 2023.

# HIGHLIGHTS OF 2022



## 11-13 JANUARY 2022

ViTrox conducted Virtual High Impact Training for Sales ("HITS 3.0") to engage with worldwide Sales Channel Partners ("SCPs") from 14 countries.

## 25-27 JANUARY 2022

ViTrox participated in IPC APEX Expo 2022, San Diego, USA.



## 5 FEBRUARY 2022

ViTrox Foundation made a contribution of RM60,000 to the Penang Future Foundation.



## 14 FEBRUARY 2022

ViTrox Makerspace – the first makerspace in Seberang Perai, Penang – opened its door to the public.

## 12 MAY 2022

ViTrox hosted User Group Meeting ("UGM") 2022 in Mexico.

## 15 JUNE 2022

ViTrox established a wholly-owned subsidiary – ViTrox Green Sdn. Bhd.

## 21-23 JUNE 2022

ViTrox participated in the SEMICON Southeast Asia ("SEA") 2022.

## 25 JUNE 2022

ViTrox co-sponsored the robotics competition FIRST® Tech Challenge 2021/2022 to cultivate future engineers and scientists.



## 16 JULY 2022

During the Annual Dinner, ViTrox Foundation presented mock cheques of the total amount of RM889,520 to 24 beneficiaries for charity and education.

## 28 JULY 2022

National Committee on Investment ("NCI") visited ViTrox Campus 2.0.

## 8 AUGUST 2022

ViTrox Technologies announced the partnership with the latest IPC Connected Factory Exchange ("CFX") Global Standard 2591 (IPC-CFX-2591) as V810i 3D AXI being listed on the IPC-CFX qualified products list.

## 11 AUGUST 2022

ViTrox was listed on Forbes Asia's Best Under A Billion 2022.



## 12 AUGUST 2022

ViTrox Academy Sdn. Bhd. ("VA") signed a memorandum of understanding ("MoU") with Universiti Tunku Abdul Rahman ("UTAR") to facilitate the credit transfer from ViTrox Academy's diploma programmes to UTAR's undergraduate programmes.



# HIGHLIGHTS OF 2022



## 23 AUGUST 2022

ViTrox announced the partnership with Compmaq (Subsidiaries of Interbras Group) as a new SCP for the Brazil region.



## 6 SEPTEMBER 2022

ViTrox was recognised as a winner of Malaysia's Best Managed Companies 2022.

## 27 SEPTEMBER 2022

ViTrox hosted UGM 2022 in India.

## 11-12 OCTOBER 2022

ViTrox hosted UGM 2022 in the USA.

## 13 OCTOBER 2022

ViTrox signed the Malaysia Digital Climate Action Pledge ("MDCAP").

## 13 OCTOBER 2022

ViTrox organised the 1013 (One Person, One Good Deed) Charity Event.

## 18-20 OCTOBER 2022

ViTrox participated in Industrial Transformation Asia Pacific ("ITAP") 2022 in Singapore.

## 21 OCTOBER 2022

ViTrox launched V-ONE® Artificial Intelligence of Things in the Cloud ("AIoT"), offering cost-effective and easy-to-implement, plug-and-play data analytics, and data science on IoT connectivity regardless of brand and machine learning applications.

## 25 OCTOBER 2022

ViTrox hosted UGM 2022 in Romania.

## 2-3 NOVEMBER 2022

ViTrox participated in Surface Mount Technology Association ("SMTA") International Exposition, Minneapolis, USA.



## 3 NOVEMBER 2022

ViTrox announced that the V510i Advanced 3D Optical Inspection ("AOI") Solution passed the qualification audit for IPC-CFX-2591 Qualified Products Listing ("QPL") and received the mandatory IPC-CFX messages for classification.



## 28 NOVEMBER 2022

ViTrox won the silver award for "Most Improved Performance Over Three Years" at The Edge ESG Awards 2022 under the equity category of companies with a market capitalisation of over RM5 billion.

## 3-10 DECEMBER 2022

As a venue partner of Penang International Science Fair ("PISF"), ViTrox hosted science, technology, engineering and mathematics ("STEM") workshops and a career fair on ViTrox Campus 2.0.

## 8 DECEMBER 2022

ViTrox hosted UGM 2022 in Penang, Malaysia.

## 19 DECEMBER 2022

ViTrox College was officially established, upon receiving accreditation from the Ministry of Higher Education ("MOHE").

## 19 DECEMBER 2022

ViTrox has continued to be a constituent of the F4GBM Index and F4GBMS Index for the second consecutive year.

## MEDIA NEWS

### VITROX TO INVEST UP TO RM100MIL IN EXPANSION



Vision-inspection equipment maker ViTrox Corporation Berhad plans to invest between RM80 million and RM100 million in a new expansion project in Batu Kawan this year.

Group chief executive officer Chu Jenn Weng said the expansion would add 447,000 sq. ft. of floor space for production, business development, design and development, and shared services activities at the plant.

"The expansion is necessary given the sustainable growth prospects of 2022 and beyond."

Chu said the group expected a strong double-digit percentage growth in 2021.

"Digital technologies popularly used in offices, factories, homes, electric vehicles, data centres, artificial intelligence, and the Internet-of-things will fuel our orders."

"The orders from the outsourced semiconductor assembly and test (manufacturing) and electronic manufacturing services ("EMS") sectors are very encouraging," Chu added.

**The Star, 10 January 2022**

### EXPANDING THE HI-TECH ECOSYSTEM IN PENANG FOR A NEW ERA

In June 2021, ViTrox acquired an additional 21.0-acre parcel of land at the Batu Kawan Industrial Park ("BKIP"). This sits adjacent to its current campus, the ViTrox Campus 2.0 that measures 450,000 sq. ft. The acquisition is part of the company's ten (10)-year expansion masterplan, one that is centred around the idea of building a local high-technology ecosystem at the BKIP based on collaborative efforts between the private sector, the government and institutions of higher learning.

This ecosystem will include a high-tech automation, robotic and artificial intelligence ("AI") innovation park, ViTrox's Innovation Park comprising large local companies ("LLCs") with advanced manufacturing facilities, tech startups, as well as an institute of technologies.

The ViTrox Innovation Park is expected to accelerate the creation of the first smart manufacturing and technology equipment ecosystem in Malaysia, one that supports "Design in Malaysia" brands that are spearheaded by innovative, forward-thinking and self-sufficient local industries and the wider tech community.

ViTrox's role as one of the three (3) LLC locomotive companies in the Penang Automation Cluster ("PAC") also spotlights the company's commitment to augmentation of the local semiconductor, electrical & electronics ("E&E") and automation ecosystem. Through synergistic collaboration within PAC, the company has pursued its long-term strategy to build a more robust supply chain ecosystem that can provide a wider range of high-end automated inspection equipment and smart automated equipment in support of various industries globally.

ViTrox's vision in building a holistic technological ecosystem in Penang and in Malaysia is reflective of the company's hopes for greater efforts by all stakeholders towards talent upgrading in the country.

**Penang Monthly, 7 February 2022**



# MEDIA NEWS

## SEMICON SOUTHEAST ASIA (Q&A)

### — AN INTERVIEW WITH VITROX'S CO-FOUNDER STEVEN SIAW



**Q: What are some technological trends that have transformed the semiconductor industry in recent years?**

The recent trends driving semiconductor demand growth include digitalization, mobility and interconnectivity between electronic devices. The COVID-19 pandemic accelerated digital adoption and transformation by at least three (3) years due to constraints imposed on human interactions and mobility. Furthermore, we saw a significant increase in the adoption of remote working, collaboration, e-commerce, online purchasing/services and asset migration to the cloud during this period. This has been largely responsible for the demand for computing, mobile and infrastructure upgrades, and investments.

**Q: Tell us more about ViTrox's recent contribution to innovation in the semiconductor industry.**

ViTrox strives to be at the forefront of delivering value to our customers through timely innovation and services. We continue to invest substantially in product research and development, covering areas of automated inspection and machine-to-machine ("M2M") communications solutions. Innovations include the ability to inspect and handle ever-increasing product complexity, miniaturisation, and a wide spectrum of product materials and surfaces. Recently,

advancements have been made in the areas of incorporating artificial intelligence, connectivity, and machine predictive maintenance into our solutions, thereby making them more "intelligent", autonomous, and user-friendly, effectively reducing human dependency and human reliance in the decision-making process.

**Q: Malaysia is one of the top 10 countries in the semiconductor industry. How important is it as a market for ViTrox?**

Malaysia is an important market for the worldwide semiconductor supply chain and likewise for ViTrox. Despite a long and mature presence in the semiconductor field for the past five (5) decades (since the 1970s), Malaysia has consistently contributed approximately 25% of our annual revenue in terms of geographical distribution. The presence of many prominent semiconductor integrated device manufacturers ("IDMs"), Outsourced Semiconductor Assembly and Tests ("OSATs") and supply chains makes Malaysia a vital market for semiconductor-related services and solutions providers, regardless of materials, processes, and equipment. Much leading-edge research, development and manufacturing of vital semiconductor components for automotive, mobile and computing reside in Malaysia.

**Q: How do you see the semiconductor industry evolve over the next few years?**

Moving forward, we are excited to be part of the super-cycle growth driven by megatrends in technology evolutions, namely in the areas of artificial intelligence, big data/storage, IoT, 5G/6G adoption, telecommunications, EV (electrification) in automotive, metaverse, and cloud computing. As a result of the new application requirements, semiconductor packaging is likewise expected to evolve in terms of complexity, design and form factor (miniaturising) – thereby resulting in higher requirements for product quality and consistency.

**SEMICON Southeast Asia, 21 June 2022**

## VITROX CO-SPONSORS ROBOTICS COMPETITION TO CULTIVATE FUTURE ENGINEERS AND SCIENTISTS

ViTrox Corporation co-sponsored the robotics competition FIRST® Tech Challenge 2021/2022 to promote science, technology, engineering and mathematics ("STEM") in school and build the next generation of innovators.

The event was organised by Penang Science Cluster ("PSC"), a non-profit educational organisation aiming to create a culture of innovation and entrepreneurship among the young in Malaysia. The robotics competition attracted students from 12 schools, which formed into 14 teams. Each team consisted of about seven (7) to ten (10) students and was paired with engineers from the industry.

Since this four (4) months programme started, five (5) ViTrox engineers have filled their weekend schedule to mentor two (2) groups of secondary school students in robotics skills, such as CAD drawing, electronic drawing and 3D printing, at ViTrox Makerspace during the weekends.

**ViTrox Press Release, 13 July 2022**



# MEDIA NEWS

## VITROX: BEING A FORCE FOR GOOD



As a global leader in automated machine vision inspection solutions, ViTrox is mindful of integrating sustainability into its business operations. The company classifies its Environmental, Social and Governance ("ESG") priorities into five (5) core themes: (1) A Go-Green Practitioner, (2) An Accountable Purchaser, (3) A Caring Employer, (4) A Trusted Corporation and (5) A Sustainable Governance. Through its core themes, ViTrox acts as a force of good for the communities, investors and customers by responsibly contributing to the advancement of society and the well-being of humankind.

ViTrox has implemented numerous efforts and initiatives in environmental conservation to ensure a sustainable future. At the ViTrox Campus 2.0, climate change management, efficient energy usage, air pollution control, waste management, water management and clean technology solutions have been implemented to improve the site's environmental footprint. These include measures to reduce energy use, CO<sub>2</sub> and other Greenhouse ("GHG") Gas emissions and water consumption, while enforcing the practice of 5R (Refuse, Reduce, Repair, Reuse and Recycle) principles.

ViTrox supplements its environmental conservation efforts with a diverse range of social initiatives. ViTrox Academy Sdn. Bhd. ("VA"), the company's wholly-owned education arm, was established to strengthen the talent pool in science, technology, engineering and mathematics ("STEM"). The Academy seeks to provide industry-driven technical training and soft-skill training programmes to improve students' employability. To further this endeavour, in 2021, the company successfully obtained approval from the Ministry of Higher Education to establish ViTrox College to provide industry-centric, inspiring and inclusive education with industry-driven technical and soft-skill training programmes.

ViTrox's ESG commitment fits well into its long-term strategy to achieve sustainable growth. It strives to create a balance between short-term economic performance and long-term strategic plans such as eco-friendly processes, greener products, healthy environments, responsible supply chain ecosystems, higher productivity through trust and corporate governance, more diversified and inclusive workforces, and continuous development, growth and well-being of society. ViTrox strongly believes that ESG is founded on coexistence; conducting business operations through an ESG lens creates a better world.

**InvestPenang, July 2022**

## MOU WITH VITROX ACADEMY SDN BHD



The collaboration between Universiti Tunku Abdul Rahman ("UTAR") and ViTrox Academy ("VA") was officially sealed with a memorandum of understanding ("MoU"), signed on 12 August 2022 at UTAR Kampar Campus.

The MoU will mainly facilitate the credit transfer from ViTrox Academy's diploma programmes to UTAR's undergraduate programmes, subject to the requirements stated under UTAR policies. Through these MoUs, industrial study visits of UTAR undergraduate and postgraduate students, and mutual visits by staff members of the parties will enable UTAR undergraduate and postgraduate students and staff to gain industrial exposure.

The MoUs also focused on giving back to the community through various community engagements for better societal contributions.

**UTAR Press Release, 12 August 2022**

## VITROX RECOGNISED AS ONE OF MALAYSIA'S BEST MANAGED COMPANIES FOR 2022



ViTrox has been recognised as a Malaysia Best Managed Companies 2022. The award programme, initiated by Deloitte, recognises top Malaysian companies for their organisational success as well as contributions to their industry and the economy.

The internationally-recognised programme evaluates businesses based on four (4) pillars: strategy and quality management, capabilities and innovation, culture and commitment, as well as governance and financials.

**ViTrox Press Release, 9 September 2022**

# MEDIA NEWS

## NEW ORIENTATION: VITROX'S 10-YEAR EXPANSION PLAN



Forbes, a leading American business magazine, announced in August 2021 the list of the top ten (10) companies in Asia with a value of less than 1 billion US dollars, and seven (7) listed companies from our country made it to the list, with ViTrox being one of them.

ViTrox Technologies has been one of the fastest-growing technology companies in the past ten (10) years, with revenues and net profits breaking new records in 2020 and 2021. The company has already formulated a ten (10)-year development blueprint (2021 to 2030) and is moving towards another stage of growth.

Chu stated that the company is repositioning and taking on a new mission under its existing development plan, which is to contribute to the advancement of society and the well-being of humankind through compassionate innovation.

He pointed out that in addition to the semiconductor and electronics industry, ViTrox hopes to assist in transforming various fields, especially agriculture, to embrace the Fourth Industrial Revolution ("IR4.0"). The company believes it can assist small and medium-sized enterprises in their transformation.

"To achieve our company vision, we established the ViTrox Academy to cultivate more technology professionals and create a high-tech ecosystem for our country in the future."

It is worth mentioning that the ViTrox Academy launched the ViTrox Makerspace platform last quarter to enhance students' interest in science, technology, engineering and mathematics ("STEM").

Chu said that the company has been focused on the development of semiconductors and electronics for the past 20 years and will continue to invest more resources in these two (2) fields in the future to become a world-class enterprise.

He said that as ViTrox continues to improve, the company should have a vision and sense of mission.

"Therefore, we have started to think about how to apply our expertise and advantages to other fields, such as agriculture, life sciences, medical equipment and medicine. We want to provide efficient and valuable solutions to these fields."

ViTrox has faced two global crises in its 18 years of being publicly traded: the 2009 financial crisis and the 2019 COVID-19 pandemic. During the pandemic, the government implemented the Movement Control Order ("MCO") to control the spread of the virus, which changed the normal way of life for the people. The shift to working from home and online classes significantly increased the demand for computers, communication devices and data centres, providing ViTrox with more business opportunities.

Chu noted that their inspection products are used to assist customers in producing computers, communication devices and data centres. The pandemic led to a surge in sales of these products, resulting in rapid growth for the company in the past two (2) years. He also stated that the pandemic accelerated the transition to digital technology, particularly in artificial intelligence ("AI"), as manufacturers realised the importance of digitalization and were willing to invest in automation systems. As a result, Chu is optimistic about the high growth potential of the semiconductor industry in the next five (5) to ten (10) years, despite some uncertainties in the market, as long-term demand is expected to remain strong.

In conclusion, ViTrox will remain humble and continue to learn from other world-class enterprises. It has already developed its mid-term to long-term strategy and has great growth potential in the future.

Note: This is a translated version of the original article published at The Busy Weekly on 10 September 2022.

**The Busy Weekly, 10 September 2022**



## MEDIA NEWS

### PLEDGING FOR A SUSTAINABLE CARBON-NEUTRAL DIGITAL ECONOMY



In alignment with the Company's commitment to achieving net-zero carbon emissions, Scope 2, by the end of 2030, ViTrox signed the Malaysia Digital Climate Action Pledge ("MDCAP") as part of its first cohort.

By signing the pledge, ViTrox is committed to sharing the Company's sustainability best practices in terms of strategies, action plans and initiatives; conducting business operations in an environmentally responsible manner through reduce, reuse and recycle practices.

The Company recorded 3,031.81tCO<sub>2</sub> of carbon footprint under Scope 2 in 2021. ViTrox is determined to improve energy consumption efficiency by 2% every year through various innovative ways, such as using big data analytics to monitor and optimise electricity usage, room temperature and light intensity. Meanwhile, the Company is committed to continuing the investment in renewable energy and carbon credit certificates offered by authorised electricity providers.

**ViTrox Press Release, 18 October 2022**

### TAKING A PEEK AT THE O&G AND E&E-RELATED SECTORS

Another often-mentioned top ESG player in the industry is ViTrox. The automated test equipment manufacturer was added to the FTSE4Good Bursa Malaysia ("F4GBM") Index in December 2021 and is among the top 25% in Environmental, Social and Governance ("ESG") ratings among public-listed companies on the FBM Emas.

Anand notes that ViTrox's environmental policies are probably one of the best in the industry. It is well known for its headquarters, which has eco-ponds, on-site farms, waste recycling centres and free vegetarian lunches for its employees four (4) days a week. It has also reduced its greenhouse gas emissions, energy, water and recycled waste intensity.

"But in terms of environmental related targets, there currently exist no near-term tangible reduction targets, and as such, it has scored poorly in this aspect, based on our proprietary ESG evaluation methodology. ViTrox's overall ESG score under our model was 55/100, which is still above average, versus Inari's at 70/100," he says. If ViTrox had a more concrete approach to its target setting, its ESG score would have been in the high 70s, he clarified.

**The Edge Malaysia, November 2022**

### THE EDGE ESG AWARDS 2022: VITROX WON THE AWARD FOR "MOST IMPROVED PERFORMANCE OVER 3 YEARS"



ViTrox was honoured with the silver award for "Most Improved Performance Over Three Years" at The Edge ESG Awards 2022 for its ongoing effort to practise and promote Environmental, Social and Governance ("ESG") initiatives. The award falls under the equity category of companies with a market capitalisation of over RM5 billion.

Over the years, ViTrox has been integrating sustainability into its business operations. The Company classifies its ESG priorities into five (5) core themes: (1) A Go-Green Practitioner, (2) An Accountable Purchaser, (3) A Caring Employer, (4) A Trusted Corporation and (5) A Sustainable Governance.

Chu believes that sustainability is fundamental to ViTrox's operations. The Company's continuous practice of frugality, fairness and respect for all has been rooted since its establishment.

**ViTrox Press Release, 1 December 2022**

# MEDIA NEWS

## MSIA: E&E 50 YEARS

Built by Malaysians and sustaining the nation, ViTrox's products and solutions help customers worldwide catalyse positive change in smart manufacturing for the advancement of society.

It designs and manufactures advanced, automated vision inspection solutions that seamlessly identify defects on semiconductor components and electronics assembled boards, which help reduce electronic waste from non-optimised processes.

The Industry 4.0 Manufacturing Intelligence Solution V-ONE® is also adaptable to various industries and reduces human dependencies while lowering carbon footprint.

The company was incorporated in 2000 and recently embarked on a ten (10)-year (2021-2030) expansion plan to build the new ViTrox Campus 3.0 in Batu Kawan, Penang.

Envisioned as an innovation park, it comprises three, multi-storey blocks with over 450,000 sq. ft., housing an R&D centre for Industry 4.0 technology, smart manufacturing floors, warehouses, training centres, startup accelerators and more. The plan also includes recruiting 3,000 engineers.

Through its ViTrox Academy ("VA") education arm, it also offers Malaysian Qualifications Agency ("MQA")-certified and Work-based Learning ("WBL") tertiary programmes to build the local science, technology, engineering and mathematics ("STEM") talent pool.

ViTrox was named among Malaysia's Best Managed Companies for 2022 which recognises private entities for strategy, innovation, capabilities, commitment and financial performance.

It was also included in Forbes Asia's 200 Best Under A Billion 2022 list, its sixth listing.

**The Star, 17 December 2022**

## COVER STORY: PENANG — NOT SHORT OF INVESTMENTS, BUT OF SKILLED WORKERS

ViTrox Corporation Berhad has established its own college, dubbed ViTrox College, which has obtained the Malaysian Qualifications Agency ("MQA") accreditation to offer diploma courses in electronics, mechatronics and machine vision engineering.

ViTrox College offers work-based learning diploma programmes and Technical and Vocational Education and Training ("TVET") courses. Its foundation is driven by real-world learning experiences and motivated by a lifelong interest in technology innovation and people competencies.

"Although it is MQA accredited, we are running it very differently. It is work-based and problem-based learning, with a lot of hands-on activities on solving real-world industrial problems together with engineers and technicians. Our lecturers are full-time, fully qualified and experienced," says Chu.

## VITROX PREPARES FOR MILD SLOWDOWN WHILE CONTINUING TO INVEST

The first half of 2023 could be a challenging period for semiconductor equipment players, including automated test equipment ("ATE") makers such as ViTrox Corporation Berhad.

ViTrox co-founder, president and CEO Chu Jenn Weng acknowledges that the group will experience a slowdown. But Chu remains optimistic that it is unlikely to be a long, cold winter. He believes the recovery will come within six (6) to nine (9) months, therefore, the group needs good strategies in place to prepare for the rebound.

"In a best-case scenario, we are hopeful that the decline will bottom up in 1QFY2023 or 2QFY2023, and to rebound in [2H2023]. In a worst-case situation, however, the downturn could be prolonged up to 12 to 18 months. Nonetheless, if you look at our past financial results, we have never experienced two (2) consecutive years of decline."

"For 2023, we will put more emphasis on long-term growth strategies while preparing for a mild downturn."

Nonetheless, ViTrox's earnings remained on the growth path in the first nine (9) months of the year. For the nine (9) months ended Sept 30, 2022 (9MFY2022), the company generated revenue of RM560.3 million, which grew by RM65.9 million, or 13%, year on year from RM494.40 million. Net profit in 9MFY2022 expanded 23% y-o-y to RM152.21 million from RM123.54 million. The strong financial performance was due to the strong US dollar and favourable product mix.

**The Edge Markets, 26 December 2022**

"Our target for next year's first batch is below 50 students. We emphasise quality education and we want to pay intensive attention to these students, ensuring that they will do well in their studies with proper guidance and mentoring before we scale," he adds.

"Talent remains the biggest challenge to support our ten (10)-year master plan. I will have to continue to think about getting, retaining and engaging the right people to expand our market worldwide, mitigating regional risk, as well as designing, developing and manufacturing the right products and solutions for our customers sustainably," says Chu.

**The Edge Markets, 22 December 2022**



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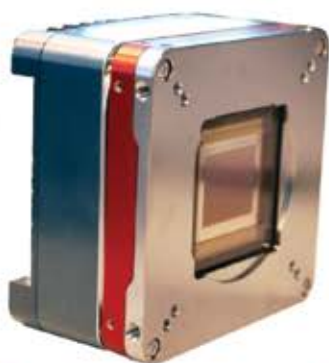
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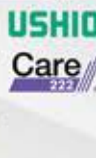
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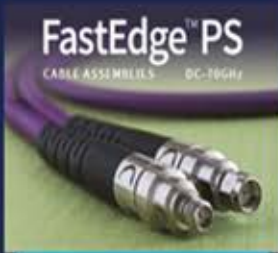
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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of ViTrox Corporation Berhad ("ViTrox" or "the Company") is committed to ensure high standards of corporate governance are in place and practiced throughout the Group. The Board recognises the importance of adopting good corporate governance and is committed to ensure high standards of good corporate governance are in place and practiced within the Group in order to safeguard the shareholders and relevant stakeholders' interests as well as enhancing shareholders' value.

This statement is prepared in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and it is to be read together with the Company's Corporate Governance Report 2022 ("CG Report") which is available on ViTrox's website <https://www.vitrox.com/investor/annual-report.php> as well as via the Company's announcement made to Bursa Malaysia Securities Berhad. The CG Report provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance ("CG" or "Code") during financial year ended ("FYE") 2022.

## **Principle A: Board Leadership and Effectiveness**

### **1. Board Responsibilities**

The Board is responsible for oversight and overall management of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership function, the Board is delegating specific powers of the Board to relevant various committees within the Board ("Board Committees"), the Chief Executive Officer ("CEO") and the senior management of the Company. All approvals are supported by the authority limits, which clearly sets out relevant matters reserved for the Board's approval, as well as those which the Board may delegate to the Board Committees, the CEO and the senior management.

The Board plays an active role in the development of the Company's strategy. The Board reviews and approves the annual business plan recommended by the management.

The Board has direct access to senior management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the senior management to attend meetings for reporting on major issues relating to their respective responsibility.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

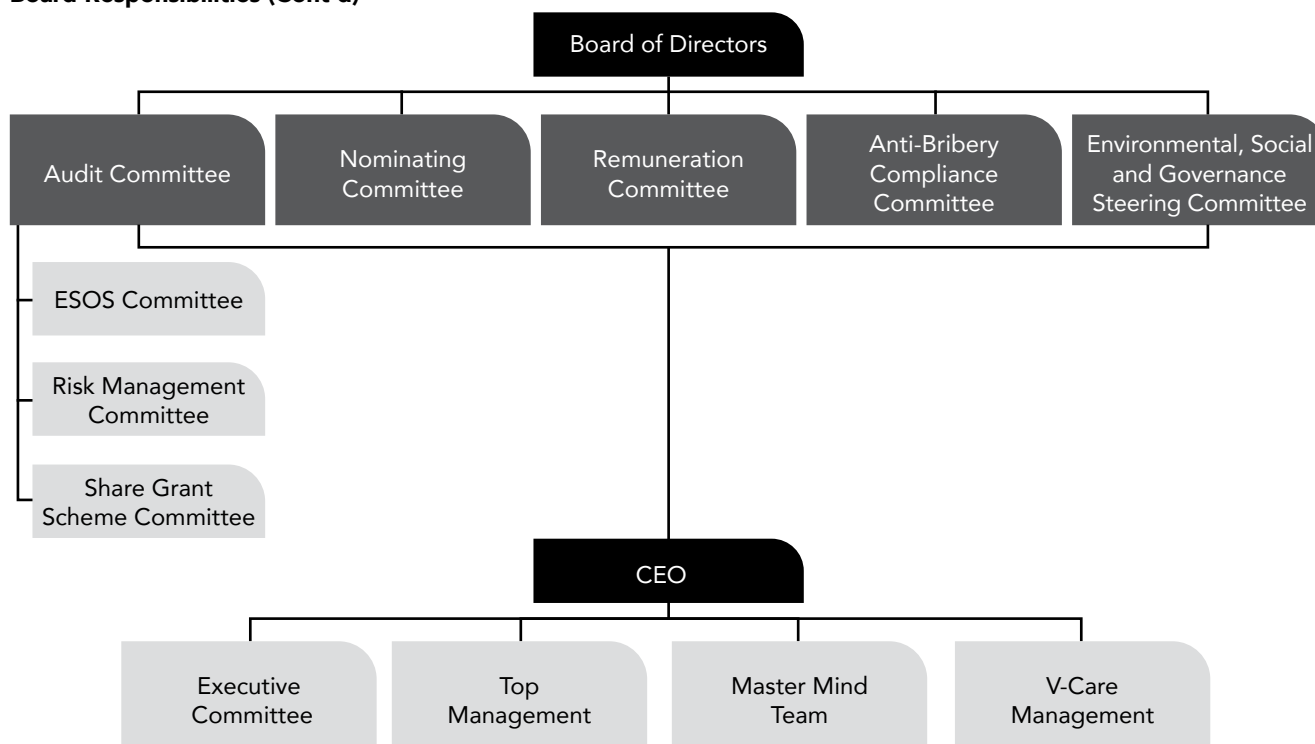
The CEO is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. The Board is also kept informed of key strategic initiatives and significant operational issues and the Group's performance, based on the approved Key Performance Indicators in the Corporate Hoshin Plan.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (Cont'd)

### 1. Board Responsibilities (Cont'd)



The Company practices a division of responsibilities between the Non-Independent Non-Executive Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO. The positions of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of ViTrox ("Board Charter").

Additionally, ViTrox has in place the Whistleblower Policy and Procedures that fosters an environment in which integrity and ethical behavior are maintained and any illegal or improper actions and wrong doing in the Company may be exposed. The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected from Directors.

Besides, ViTrox has also adopted the Anti-Bribery and Corruption Policy which sets out the Group's zero (0) tolerance approach against all forms of bribery and corruption and the Group takes a strong stance against such acts. The Group's practices are in accordance to the Malaysian Anti-Corruption Commission Act 2009 and the new provision of Malaysian Anti-Corruption Commission Act 2018 ("MACC Act") and any of its amendments from time to time.

ViTrox upholds its commitment to bring positive contributions to the society and environment. The Company recognises that corporate's growth and stability are interconnected with the sustainability of three (3) main pillars, Environmental, Social and Governance. For more information about ViTrox's sustainability matters, please visit <https://www.vitrox.com/esg/>.

The Board members have full access to the two (2) Company Secretaries, both are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("CA") who provide advisory services to the Board, particularly on changes in MMLR, CG issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters.

Further details pertaining to the respective TOR of Board Committee, Board Charter, Code of Ethics, Whistleblower Policy and Procedures and Anti-Bribery and Corruption Policy are available at ViTrox's website under "Company" section.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (Cont'd)

### 2. Board Composition

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Board through its Nominating Committee ("NC") conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements which included their experience in sustainability that fit the Company's objectives and strategic goals.

In May 2022, ViTrox established a Directors' Fit and Proper Policy to ensure that any individuals to be appointed as Directors and the existing Board members of ViTrox possess the quality and character as well as integrity, competency and commitment to be able to discharge their duties and responsibilities required of the position. The Directors' Fit and Proper Policy is available on the Company's website at <https://www.vitrox.com/company/directors-fit-proper-policy.php>.

In the spirit of promoting good governance, the Company has on 1 December 2022:-

- appointed Dato' Prof. Dr. See Ching Mey and Pn. Emelia Binti Matrahah as Independent Non-Executive Directors ("INED") for gender diversity and encouraging women participation;
- re-designated the long serving INED namely, Dato' Seri Dr. Kiew Kwong Sen, Ms. Chuah Poay Ngee and Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani as Non-Independent Non-Executive Directors ("NED").

The Board is presently of the view that there is no necessity to fix a maximum tenure limit for INED as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. However, those INED served more than nine (9) years will be subject to shareholders' approval for the re-appointment during the annual general meeting ("AGM") through a two-tier voting process.

On 23 February 2023, the NC conducted an assessment of the effectiveness of the Board, respective Board Committee and Independence ("the Assessment") in respect of FYE 2022. Appraisal forms which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.

As at 31 December 2022, the Company complied with Paragraph 15.02 of the MMLR as the Board comprised three (3) INEDs, three (3) NEDs and three (3) Executive Directors. Whereas, the women representation on the Board of ViTrox was at 44.4% as at 31 December 2022 (28.6% as at 31 December 2021).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (Cont'd)

### 2. Board Composition (Cont'd)

A Board matrix has also been developed internally and used as reference for the Board refreshment and succession planning to complement one another. During the Assessment, the NC observed that the gap areas remain relevant in the current Board composition. Hence, the following are taken into consideration in strengthening the mix of skills and composition of the Board:-

Directorship	Composition
INED	3
NED	3
Executive Director	3

Nationality	Composition
Malaysian	9
Foreigner	0

Industry / Background	Composition
Technology	6
Marketing	1
Industrial	6
Corporate / Planning	6
Accounting / Finance	2
Governance Risk and Compliance	9
Law / Legal	2
Educational & Counselling	1

Age	Composition
40-49	0
50-59	5
60-69	3
≥70	1

Gender	Composition
Male	5
Female	4

\* Individual Directors may fall into one or more categories

Race / Ethnicity	Composition
Bumiputra	2
Chinese	7
Foreign	0

Tenure	Composition
1-8 years	3
9-11 years	0
>12 years	6

The Assessment conducted by the NC also indicated that there was no apparent weaknesses/shortcoming identified that warrants specific action plan to address the same. Nevertheless, the Board agreed on an enhancement areas relating to the needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge including ESG and climate-related matters, to meet the needs of the Board from time to time.

### 3. Remuneration

It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary caliber to manage its business in promoting business stability and growth. The determination of the remuneration of each INED is decided by the Board as a whole. The Board reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

The Remuneration Committee ("RC") is responsible for recommending to the Board on the remuneration framework and the remuneration package of Executive Directors ("EDs") to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The RC also ensures the level of remuneration for INEDs, NEDs and EDs are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (Cont'd)

### 3. Remuneration (Cont'd)

The current Board Remuneration was approved by the shareholders at the 18<sup>th</sup> AGM of the Company held on 19 May 2022.

In February 2023, the RC undertake a review of the Board Remuneration with the view to determine its competitiveness and sufficiency to attract, retain and motivate individuals with strong credentials, high caliber and astute insights to serve on the Board of ViTrox. The Board approved the recommendation by the RC in respect to the revisions to the Board Remuneration which will be put forth to the shareholders for approval at the 19<sup>th</sup> AGM, in accordance with Sections 230 and 340(1)(c) of the CA.

## Principle B: Effective Audit and Risk Management

### 1. Audit Committee

The Audit Committee of the Company ("AC") comprised three (3) INEDs and two (2) NEDs. The AC is chaired by an INED, Ms. Mary Yeo Chew Yen. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed in the checklist. Annually, the composition of AC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NC ensures that only an INED who possesses the appropriate level of expertise and experience, and has the strong understanding of the Company's business would be considered for membership on AC.

### 2. Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through its Risk Management Committee ("RMC") in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group. The RMC comprises mainly of EDs who are familiar with the Company's business situation. The Board is satisfied with the performance of the RMC and AC and their respective Chairmen in discharging their responsibilities, based on the results of the Board Committees effectiveness evaluation of the FYE 2022.

The Board is of the view that the internal control and risk management system in place is sound and sufficient to safeguard the Group's assets, shareholders' investments and the interests of customers, regulators, employees and other stakeholders. The details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

## Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### 1. Communication with Stakeholders

ViTrox ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. ViTrox also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on ViTrox's website and engagement through the investor relations function. In FYE 2022, a number of events were held via fully virtual meeting during the year to maintain an open communication with the investors, shareholders, intermediaries, regulators, employees and other communities as highlighted in Sustainability Report.

### 2. Conduct of General Meetings

ViTrox's AGM is an important means of communicating with its shareholders. At the 18<sup>th</sup> AGM of the Company held on 19 May 2022, seven (7) members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 18<sup>th</sup> AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The CEO presented the overall performance of the Group at the meeting. The senior management of the Company were also present to respond to any enquiries from the shareholders.

The 18<sup>th</sup> AGM was being held virtually and shareholders were able to participate remotely via live streaming webcast and vote in absentia using remote participation and voting facilities. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at general meeting of the Company.

This statement was approved by the Board of Directors of ViTrox on 6 April 2023.



# AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") presents the Audit Committee ("AC" or "Committee") Report which provides insights into the manner in which the Committee discharged its functions for the Group in the financial year ended ("FYE") 2022.

## COMPOSITION AND DETAILS OF ATTENDANCE

The composition and the attendance record of the Committee members during FYE 2022 are as follows:-

Designation	Name and Directorship	Attendance	Percentage of Attendance
Chairman	Mary Yeo Chew Yen Independent Non-Executive Director (Appointed on 1 December 2022)	Not applicable	Not applicable
Member	Dato' Seri Dr. Kiew Kwong Sen Non-Independent Non-Executive Director	5/5	100%
	Chuah Poay Ngee Non-Independent Non-Executive Director (Re-designated on 1 December 2022)	5/5	100%
	Dato' Prof. Dr. See Ching Mey Independent Non-Executive Director (Appointed on 1 December 2022)	Not applicable	Not applicable
	Emelia Binti Matrahah Independent Non-Executive Director (Appointed on 1 December 2022)	Not applicable	Not applicable
	Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani Non-Independent Non-Executive Director (Resigned on 1 December 2022)	5/5	100%

This composition meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. Ms. Chuah Poay Ngee and Pn. Emelia Binti Matrahah (members of the Audit Committee) are member of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the MMLR.

Details of the Terms of Reference for Committee are available on the Company's corporate website.

## Summary of Work Performed by the Audit Committee

The activities carried out by the Committee during the FYE 2022 in the discharge of its duties and responsibilities are as follows:-

### 1. Financial Reporting

- In overseeing the Company's financial reporting, the Committee reviewed the quarterly financial statements for the 4<sup>th</sup> quarter of FYE 2022 and the annual audited financial statements of FYE 2022 at its meeting held on 23 February 2023 and 6 April 2023 respectively.

The quarterly financial statements for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of FYE 2022, which were prepared in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting", issued by the Malaysian Accounting Standards Board ("MASB") and the disclosure requirements as set out in Appendix 9B of the MMLR were reviewed at the Committee meetings on 27 April 2022, 28 July 2022 and 27 October 2022 respectively. On 23 February 2023, the Committee reviewed the quarterly financial statements for the 4<sup>th</sup> quarter of FYE 2022. The Committee's recommendations were presented for approval at the subsequent Board meeting.

# AUDIT COMMITTEE REPORT

## Summary of Work Performed by the Audit Committee (Cont'd)

### 1. Financial Reporting (Cont'd)

- b. To safeguard the integrity of information, the Chief Executive Officer and Chief Financial Officer of the Company, who are also the director/officer primarily responsible for the financial management of the Group had, on 27 April 2022, 28 July 2022, 27 October 2022 and 23 February 2023, given assurance to the Committee that:-
- Appropriate accounting policies had been adopted and applied consistently
  - The going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements was appropriate
  - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRSs")
  - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, International Financial Reporting Standards and MMLR
  - The Annual Financial Statements and Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for FYE 2022

### 2. External Audit

The Committee has on 24 February 2022, 24 March 2022, 27 October 2022, 23 February 2023 and 6 April 2023 respectively met with the External Auditors without the presence of the Executive Members.

On 24 February 2022, the External Auditors tabled the Audit Review Memorandum FYE 2021 for the Committee's information and discussion, inter alia, two (2) accounting and audit issues, that is Slow Moving Inventories and Impairment of Receivables were highlighted to the Committee for its attention. There were no critical areas of concern raised by the External Auditors.

During the meeting held on 24 March 2022, the External Auditors tabled the draft audited financial statements FYE 2021 for discussion.

On 27 October 2022, the External Auditors tabled the Audit Plan prior to the commencement of audit of financial statements for FYE 2022, particularly outlined the audit approach, areas of audit emphasis, and the accounting standard update.

At the meeting held on 23 February 2023, the External Auditors tabled and the Committee reviewed the Audit Review Memorandum of the Group for FYE 2022. The External Auditors identified two (2) key audit matters, that is Valuation of Inventories and Impairment of Receivables. At the same meeting, copies of the External Auditors Performance and Independence Checklist in respect for the FYE 2022 were being distributed at the Meeting for review (the "Assessment"). The Committee concluded that based on the Assessment, amongst others as set out below, the External Auditors Performance for FYE 2022 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia PLT ("CM") as the External Auditors of the Group to the Board for approval by its shareholders:-

- After having satisfied with its audit independence and the performance of CM throughout its course of audit FYE 2022
- Satisfied that the quality processes/performance of External Auditors
- Able to give adequate technical support when audit issue arises
- Adequate experience and resources of CM and audit engagements

# AUDIT COMMITTEE REPORT

## Summary of Work Performed by the Audit Committee (Cont'd)

### 3. Internal Audit Function

The Group has engaged the services of an independent professional accounting and consulting firm, BDO Governance Advisory Sdn. Bhd. ("BDO") to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. BDO reports directly to the Committee on its activities. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. The annual cost for the Group's internal audit function is RM47,000 (for 3 audit areas shown in the table below). The Committee is of the opinion that the amount spent in FYE 2022 is adequate to provide an effective internal audit function.

On 24 March 2022, the Internal Auditors presented the Internal Audit Plan FYE 2022 for the Committee's review. The Internal Auditors reported its findings together with recommendation and management action plan to the Committee for review on 28 July 2022 and 27 October 2022 respectively. Besides, the Committee also followed up from time to time the updates and corrective actions by the Management on audited areas reported in the prior quarters.

During the FYE 2022, Internal Auditors have conducted review on internal control for the following areas:-

No.	Audit Areas	Reporting Date
1	Sales to Receipt and General Safety & Security	28 July 2022
2	Human Resource Management	27 October 2022
3	Risk Management and Related Party Transactions	23 February 2023

### 4. Related Party Transactions

- Reviewed any related party transactions and conflict of interest situation that may arise within the Company or the Group, including any transactions, procedure or course of conduct that may raise questions of management integrity.
- Reviewed recurrent related party transactions on quarterly basis to ascertain if the transactions were at arm's length basis and on normal commercial terms.

### 5. Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("SGS") Allocation

On 23 February 2023, the Committee reviewed and verified the allocation of options pursuant to the ESOS and SGS for FYE 2022 respectively and satisfied that it is in compliance with the criteria set out in the by-laws of the ESOS and SGS.

The Audit Committee reviewed the Statement on Risk Management and Internal Control in respect of FYE 2022 on 6 April 2023 for publication in the Annual Report 2022. Information pertaining to the Company's internal controls is shown in the Statement on Risk Management and Internal Control set out on page 78 to 82 of this Annual Report.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board of Directors ("the Board") of ViTrox Corporation Berhad ("the Company") is pleased to present this Statement on Risk Management and Internal Control ("this Statement"), which has been prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad.

### Internal Control Objectives

The Board recognises the importance of maintaining a sound system of internal control to achieve the following objectives:-

- Safeguard the shareholders' investment and assets of the Group
- Identify and manage risks affecting the business of the Group
- Ensure compliance with regulatory requirements
- Ensure the effectiveness and efficiency of operations to achieve business objectives of the Group
- Ensure the integrity and reliability of financial information

### Board Responsibility

The Board has established appropriate control structure and process for identifying, evaluating, monitoring and managing risks that may affect the achievement of business objectives. The control structure and process, which have been instituted throughout the Group, are updated and reviewed from time to time to suit changes in business environment. This on-going process has been in place for whole financial year under review and up to date of approval of this Statement for inclusion in the annual report.

The role of the Board amongst others, is to ensure:-

- Organisational structure of each business unit clearly defines operational and financial responsibilities
- Key responsibilities are clearly defined and properly segregated
- Authority level is properly defined
- Key management personnel including Executive Directors meet regularly to address key business risks and operational issues
- Operational procedures are governed by Standard Operating Manuals which are reviewed and updated regularly
- Effective financial reporting system is in place to ensure timely generation of financial information for management's review

The Board is ultimately responsible to ensure that the Group maintains a sound system of internal control. However, the Board wishes to draw attention that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements, loss or fraud.

The Group's system of risk management and internal control applies principally to the Company and its subsidiaries but do not apply to the associate.

The Audit Committee ("AC") is responsible for reviewing and monitoring the adequacy and effectiveness of Group's internal controls. The review and monitoring of the adequacy and effectiveness of the system of internal control are carried out through the internal audit function. In this respect, the Group has outsourced the internal audit function to an external independent professional consulting firm. Audit issues and actions taken by Management to address the issues tabled by Internal Audit ("IA") were deliberated during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

The Risk Management Committee ("RMC") provides oversight on risk management matters relating to the activities of the Group, to ensure prudent risk management over ViTrox's business and operations. At its scheduled meetings in 2022, the RMC had reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the overall risk exposure of the Group. The RMC also reviewed proposals for new products, monitored the progress and status of risk management activities, as well as raised issues of concern and provided feedback for Management's action.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the RMC and reviewed by AC before presenting to the Board for its deliberation and approval and matters or decisions made within the AC's and RMC's purview were escalated to the Board for its information.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## **Key Internal Control Processes**

The Group Internal Control System comprises the following key processes:-

### **1. Authority and Responsibility**

- a. Certain responsibilities are delegated to Board Committees through clearly defined Terms of Reference ("TOR").
- b. The Authority Manual is reviewed and updated periodically to reflect the authority and authorisation limits of Management in all aspects of the Group's major business operations and regulatory functions.
- c. The Management Governance Framework, comprising committees for the governance function i.e. Risk Management Working Group ("RMWG") and five (5) committees for the operations function i.e. Top Management, Master Mind Team, V-Care Management Team, Anti-Bribery Compliance Committee and Environmental, Social and Governance Steering Committee have clearly defined role and responsibility to enable good business and regulatory governance.

### **2. Planning, Monitoring and Reporting**

- a. An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated on and approved by the Management before its implementation.
- b. The Board is updated on the Group's performance at the scheduled meetings on quarterly basis. The Group's business plan and actual versus budget performance for the year are reviewed and deliberated by the Board on a quarterly basis.
- c. There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans.
- d. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are required to provide reasonable assurance to the Board that Group's risk management and internal control system are operating adequately and effectively in all aspects, based on the risk management and internal control system of the Group.

The Executive Directors are also responsible of the appropriate accounting policies have been adopted and applied consistently, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group is appropriate, and that prudent judgements and reasonable estimates have been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs") and that the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements of the Group give a true and fair view of the financial position and financial performance of the Group and do not contain any material misstatement.

### **3. Policies and Procedures**

Policies and procedures of business processes are documented and set out in a series of Standard Operating Manual and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs.

All the documented policies and procedures can be accessed via the Company's intranet for easy access by employees.

### **4. Audits**

- a. The Board has outsourced the internal audit function to BDO Governance Advisory Sdn. Bhd. ("BDO"), an independent professional firm of consultants.

Internal audit is carried out to assess the adequacy and integrity of the internal control system of the Group based on the internal audit plan reviewed and approved by the AC. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.

The internal audit plan was circulated to the members of the AC prior to the execution of the assignment. Findings arising from the internal audit exercise were reported and discussed at the AC meeting. During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls of the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## **Key Internal Control Processes (Cont'd)**

### **4. Audits (Cont'd)**

- b. The internal auditors are required to conduct assessments of the internal control system pertaining to the processes of the relevant business/functional units which have a bearing on the financial information of the Group, to ensure the reliability and integrity of such information. At least two (2) audit areas to be covered in a year.

For the financial year ended ("FYE") 2022, the covered audit areas are:-

- Sales to Receipt, General Safety & Security
- Human Resource Management
- Risk Management and Related Party Transactions

- c. The External Auditors' annual plan and audit review memorandum is tabled annually to the AC for deliberation and approval.

### **5. Risk Management**

The Board has established an organisation structure with clearly defined line of responsibility, authority limits and accountability aligned to business and operation requirements which supports the maintenance of a strong and robust control environment.

The Group is continuously committed in setting standards whilst maintaining an effective risk management framework to ensure the Group's objective are achieved and stakeholders' interest are protected. The Board acknowledges its responsibility to adopt best practices in risk management and internal control as part of the Group's business culture.

RMC is the first line of defence and accountable for all risks assigned under their respective areas of responsibility. This group of personnel is also responsible for the continuous development of the risk management capabilities of employees and ensures that risk management is embedded in all key processes and activities. The RMC reviews the risk management reports it receives from the RMWG and assesses risks at the Group level.

RMWG is formed at each business/functional unit and it reports to the RMC. The functions of the RMWG are to identify risks, quantify the risk impact and formulating risk mitigation strategies.

The AC will monitor the effectiveness of the risk management and internal control system during FYE 2022 and discussed at the AC Meeting.

The Group has established a structured process for identification, assessment, communication, monitoring and periodical review of risks. The analysis and evaluation of the risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.

In FYE 2022, the RMC has continuously monitored the top five (5) operational risks and top five (5) non-operational risks respectively. All the operational and non-operational risks were continuously monitored by internal operation enhancement.

Being a certified ISO 9001:2015 organisation, the Group endeavours to continuously reviewing and enhancing the above processes and procedures in accordance with global best practices and standards to ensure that the risk management framework remains relevant and applicable in the evolving market environment.

Towards the end of FYE 2022, all existing significant risks have been reviewed together with any relevant inherent and emerging risks to assess their impact on the Group for the upcoming year. Except for those risks which have been gradually mitigated through the internal process/operation enhancement, the Group recognises that the remaining significant risks will remain relevant for the financial year ending 2023.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## Key Internal Control Processes (Cont'd)

### 6. Compliance Management

The Group's compliance management covers compliance to all legal obligations imposed on ViTrox, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.

In FYE 2022, there were no major non-compliance issues encountered.

### 7. Performance Management

Key Performance Indicators ("KPIs"), which are based on the Corporate and Divisional Hoshin Plan and Individual KPIs and Behavioural Competencies are used to track and measure employees' performance.

Ongoing employee and customer satisfaction surveys are conducted to gain feedback on the effectiveness and efficiency of stakeholder engagements for continuous improvement.

### 8. Employees' Competency

Proper guidelines within the Group regarding employment and dismissal, formal training programmes as well as other relevant procedures are in place to ensure that employees are competent and adequately guided in carrying out their responsibilities.

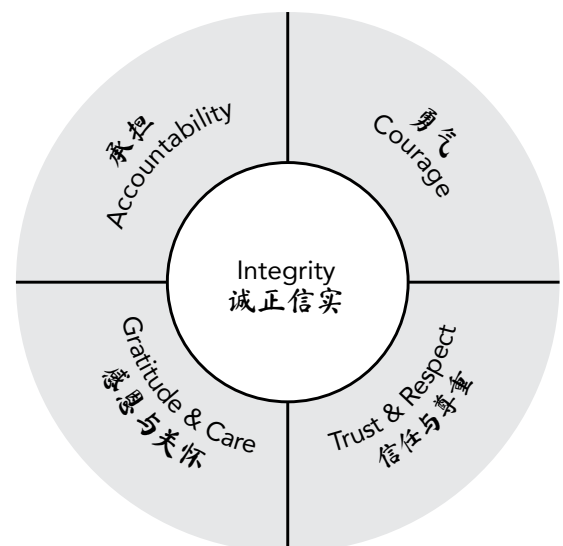
### 9. Conduct of Employees

ViTrox's corporate culture is originated on the following core values which are continuously inculcated in employees on their conducts to ViTrox and its stakeholders:-

ViTrox's core values, 'I.A.C.T.G' - The Power of 5', represents the fundamental principles of ViTrox's shared values that guide us to think, talk and do the right things every day in the pursuit of both individual and company greatness. 'I.A.C.T.G.' is the acronym for 'Integrity,' 'Accountability,' 'Courage,' 'Trust & Respect,' and 'Gratitude & Care'.

ViTrox has a Whistleblower Policy and Procedures ("WPP") to provide an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group. The AC has the overall responsibility in overseeing the implementation of the WPP for ViTrox Group.

Segregation of duties is practised whereby conflicting tasks are assigned to different employees to reduce the scope for error and fraud.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## **Key Internal Control Processes (Cont'd)**

### **10. Supplier Code of Conduct**

The Board expects all ViTrox Group's suppliers to observe high ethical business standard of honesty and integrity and to apply these values to all aspects of their business and professional practices.

A Supplier Code of Conduct is established in which the Group's minimum expectations on the suppliers vis-à-vis legal compliance and ethical business practices are stipulated.

The Code applies to all suppliers, vendors, contractors and any other persons doing business with the Group.

### **11. Anti-Bribery and Corruption Policy**

Anti-Bribery and Corruption Policy is to provide procedures for the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices which can lead to serious reputational damage to the Group. The Policy is applicable to the Board, Management, and all employees of the Group including the company's suppliers, contractors, subcontractors, agents or intermediary, and any other person associated with or acting on behalf of the Group. The Group is committed to conduct its business ethically with zero-tolerance approach against all forms of bribery and corruption and the Group takes a strong stance against such acts.

### **12. Insurance**

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage of the assets as recorded in the current fixed asset register and their respective carrying amount and "replacement values", that is the prevailing market price for the same or similar item, where applicable.

## **Review of this Statement**

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2022 Annual Report. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on review by External Auditors, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers to be set out, nor is this Statement factually inaccurate.

The internal auditors has also reviewed this Statement and reported to the AC that, while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's risk management and internal control system.

## **Conclusion**

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Board has also received reasonable assurance from the CEO and the CFO that the Group's risk management and internal control system are operating adequately and effectively in all aspects, based on the risk management and internal control system of the Group.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

This statement was made in accordance with a resolution of Board of Directors dated 6 April 2023.



## ADDITIONAL COMPLIANCE INFORMATION

### Utilisation of Proceeds

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

### Audit and Non-audit Fees

During the financial year ended ("FYE") 31 December 2022, the amount of audit and non-audit fees paid/payable by the Company and its subsidiaries to the Company's Auditors, or a firm or corporation affiliated to the Auditors' firm for services rendered to the Company and its subsidiaries were as follows:-

Category	Audit Fees (RM'000)	Non-Audit Fees (RM'000)*
Company	55.0	19.0
Subsidiaries	123.5	83.0
Total	178.5	102.0

\* Non-audit fees consist of review of Statement on Risk Management and Internal Control and tax fees.

### Employees' Share Scheme

#### • Employees' Share Option Scheme ("ESOS")

The shareholders of the Company had via its Extraordinary General Meeting held on 27 February 2014, amongst others, approved the establishment of an ESOS of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme. The implementation of the ESOS is effective from 4 March 2014.

During FYE 2022, the total number of ESOS granted, exercised, forfeited and outstanding are set out below:-

Category	Number of ESOS					
	Balance at 1 January 2022	Adjusted pursuant to Bonus Issue	Granted	Exercised	Forfeited	Balance at 31 December 2022
Directors	-	-	60,000	-	-	60,000
Employees	684,500	669,000	-	(105,900)	(45,000)	1,202,600
Total	684,500	669,000	60,000	(105,900)	(45,000)	1,262,600

Pursuant to the Company's ESOS, not more than 70% of the options available under the scheme shall be allotted, in aggregate, to Directors and senior management.

Since the commencement of the scheme, 38.5% of the options under the scheme have been granted to Directors and senior management.

During the financial year, 100% of the options have been granted to a Non-Executive Director and no options have been granted to senior management.

## ADDITIONAL COMPLIANCE INFORMATION

### Employees' Share Scheme (Cont'd)

#### • Employees' Share Option Scheme ("ESOS") (Cont'd)

The table below set out the ESOS granted to, exercised by the Non-Executive Director(s) (except for Dato' Prof. Dr. See Ching Mey and Emelia Binti Matrahah who were appointed on 1 December 2022) pursuant to the ESOS in respect of the FYE 2022:-

Name	Number of ESOS				
	Balance at 1 January 2022	Granted	Exercised	Forfeited	Balance at 31 December 2022
Dato' Seri Dr. Kiew Kwong Sen	-	-	-	-	-
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Han	-	-	-	-	-
Chuah Poay Ngee	-	-	-	-	-
Mary Yeo Chew Yen	-	60,000	-	-	60,000
Total	-	60,000	-	-	60,000

#### • Employees' Share Grant Scheme ("SGS")

The shareholders of the Company had via its Extraordinary General Meeting held on 23 December 2021, amongst others, approved the establishment of an SGS of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme. The implementation of the SGS is effective from 28 April 2022.

During FYE 2022, the total number of SGS granted, exercised, forfeited and outstanding are set out below:-

Category	Number of SGS				
	Balance at 28 April 2022	Granted	Exercised	Forfeited	Balance at 31 December 2022
Directors	-	-	-	-	-
Employees	-	2,396,000	-	63,200	2,332,800
Total	-	2,396,000	-	63,200	2,332,800

Pursuant to the Company's SGS, the aggregate maximum number of SGS Shares that may be allocated to the Executive Directors and Senior Management shall not be more than 30% under the SGS.

The SGS will not be extended to the Non-Executive Directors of the Group. In addition, the current Executive Directors of the Company, namely Chu Jenn Weng, Siaw Kok Tong and Yeoh Shih Hoong, have voluntarily opted out of the SGS; hence, there will not be any allocation of SGS Shares to them under the SGS.

Since the commencement of the SGS, 2.63% of the options under the scheme have been granted to senior management.

During the financial year, 2.63% of the options have been granted to senior management.

### Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2022 or entered into since the end of the previous financial year.

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2022. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

## Principal activities

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	200,816	36,784
- Non-controlling interests	(496)	0
	<u>200,320</u>	<u>36,784</u>

## Dividends

The Company paid the following dividends since the end of the previous financial year:-

	RM'000
In respect of financial year ended 31 December 2021:-	
- Interim tax exempt dividend of 2.50 sen per share, paid in January 2022	11,807
- Final tax exempt dividend of 3.33 sen per share, paid in July 2022	31,457
In respect of financial year ended 31 December 2022:-	
- Interim tax exempt dividend of 1.25 sen per share, paid in January 2023	11,808
	<u>55,072</u>

The directors have proposed a final tax exempt dividend of 4.15 sen per share in respect of the financial year ended 31 December 2022, subject to the shareholders' approval at the forthcoming annual general meeting.

## Reserves and provisions

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

## Issue of shares or debentures

During the financial year, the Company issued 472,282,800 ordinary shares by way of bonus issue on the basis of 1 bonus share for every 1 existing ordinary share held in the Company.

# DIRECTORS' REPORT

## Issue of shares or debentures (cont'd)

The Company also issued 105,900 ordinary shares pursuant to the Employees' Share Option Scheme ("ESOS") as follows:-

Number of shares	Exercise price RM	Cash consideration RM'000
10,000	0.50	5
48,000	1.39	67
15,500	2.79	43
32,400	7.83	253
<b>105,900</b>		<b>368</b>

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 23 December 2021, approved the Company's Share Grant Scheme ("SGS"). The SGS became effective on 28 April 2022.

The principal features of the SGS are disclosed in Note 19 to the financial statements.

The movements in the number of ordinary shares granted under the SGS during the financial year are as follows:-

Grant date	Number of ordinary shares granted under SGS			
	Balance at 1.1.2022	Granted	Forfeited	Balance at 31.12.2022
17.5.2022	0	2,396,000	(63,200)	2,332,800

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

## Share options

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 27 February 2014, approved the Company's ESOS. The ESOS became effective on 4 March 2014.

The principal features of the ESOS are disclosed in Note 19 to the financial statements.

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

Grant date	Exercise price* RM	Exercise price** RM	Number of options over ordinary shares					Balance at 31.12.2022
			Balance at 1.1.2022	Bonus issue	Granted	Exercised	Forfeited	
20.10.2014	1.01	0.50	10,000	10,000	0	(10,000)	0	10,000
16.5.2017	2.79	1.39	154,000	138,500	0	(63,500)	0	229,000
23.2.2021	15.67	7.83	520,500	520,500	0	(32,400)	(45,000)	963,600
14.3.2022	n/a	5.92	0	0	60,000	0	0	60,000
			<b>684,500</b>	<b>669,000</b>	<b>60,000</b>	<b>(105,900)</b>	<b>(45,000)</b>	<b>1,262,600</b>

\* Before bonus issue

\*\* After bonus issue

# DIRECTORS' REPORT

## Bad and doubtful debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

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

## Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.

## Valuation methods

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

## Contingent and other liabilities

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

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

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

## Change of circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

## Items of an unusual nature

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



# DIRECTORS' REPORT

## Items of an unusual nature (cont'd)

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

## Directors

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

### Directors of the Company

Dato' Seri Dr. Kiew Kwong Sen  
 Chu Jenn Weng  
 Siaw Kok Tong  
 Yeoh Shih Hoong  
 Chuah Poay Ngee  
 Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani  
 Mary Yeo Chew Yen  
 Dato' Prof. Dr. See Ching Mey (Appointed on 1.12.2022)  
 Emelia Binti Matrahah (Appointed on 1.12.2022)

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

Vincent Ong Boon Keong  
 Dr. Wong Teck Foo

## Directors' interests

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

Name of director	Number of ordinary shares					
	Direct interest				Indirect/Deemed interest	
	Balance at 1.1.2022	Bonus issue	Bought/ (Sold)/ (Transferred)	Balance at 31.12.2022	Balance at 1.1.2022	Balance at 31.12.2022
Dato' Seri Dr. Kiew Kwong Sen	6,529,700	6,529,700	(50,000)	13,009,400	*4,436,198	*8,872,396
Chu Jenn Weng	126,978,334	126,978,334	0	253,956,668	*1,228,198	*2,456,396
Siaw Kok Tong	89,950,328	89,950,328	(10,000,000)	169,900,656	0	**10,000,000
Yeoh Shih Hoong	44,325,464	44,325,464	0	88,650,928	***4,362,096	***8,724,192
Chuah Poay Ngee	384,000	384,000	14,000	782,000	*1,100	*2,200
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	1,537,500	1,537,500	0	3,075,000	0	0
Mary Yeo Chew Yen	37,000	37,000	0	74,000	*21,000	*42,000
Name of director	Number of options over ordinary shares granted under ESOS					
	Direct interest				Indirect/Deemed interest	
	Balance at 1.1.2022	Granted	Exercised	Balance at 31.12.2022	Balance at 1.1.2022	Balance at 31.12.2022
Mary Yeo Chew Yen	0	60,000	0	60,000	0	0

# DIRECTORS' REPORT

## Directors' interests (cont'd)

Name of director	Number of ordinary shares granted under SGS					
	Direct interest				Indirect/Deemed interest	
	Balance at 1.1.2022	Granted	Vested	Balance at 31.12.2022	Balance at 1.1.2022	Balance at 31.12.2022
Chu Jenn Weng	0	0	0	0	0	*18,800

\* Deemed interest in shares held by family member (who is not director of the Company) pursuant to Section 59 of the Companies Act 2016

\*\* Indirect interest in shares registered in the name of nominee

\*\*\* Indirect interest in 8,000,000 (1.1.2022 : 4,000,000) shares registered in the name of nominee, and deemed interest in 724,192 (1.1.2022 : 362,096) shares held by family member (who is not director of the Company) pursuant to Section 59 of the Companies Act 2016

By virtue of his interests in shares in the Company, Chu Jenn Weng is deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

## Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## Indemnity and insurance for directors and officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

## Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 25 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**Signed in accordance with a resolution of the directors dated 6 April 2023**

Chu Jenn Weng

Siaw Kok Tong

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 98 to 148 give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Signed in accordance with a resolution of the directors dated 6 April 2023**

**Chu Jenn Weng**

**Siaw Kok Tong**

## STATUTORY DECLARATION

I, Chu Jenn Weng, being the director primarily responsible for the financial management of ViTrox Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 148 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovenamed Chu Jenn Weng at George Town  
in the State of Penang on this 6 April 2023

**Chu Jenn Weng**

Before me

**Shamini A/P M Shanmugam**  
No. P157  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of ViTrox Corporation Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

Key audit matter	How our audit addressed the key audit matter
<p><u>Valuation of inventories (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>The Group carries significant inventories. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future consumptions, sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's inventory management process;</li> <li>• how the Group identifies and assesses inventory write-downs; and</li> <li>• how the Group makes the accounting estimates for inventory write-downs.</li> </ul> </li> <li>• Reviewing the ageing analysis of inventories and testing the reliability thereof.</li> <li>• Examining the perpetual records for inventory movements and to identify slow moving aged items.</li> <li>• Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.</li> <li>• Reviewing the net realisable value of major inventories.</li> <li>• Evaluating the reasonableness and adequacy of the resulting inventory write-downs recognised.</li> </ul>
<p><u>Impairment of receivables (Refer to Notes 3 and 11 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof.</li> <li>• Reviewing the subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue amounts.</li> <li>• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.</li> <li>• Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.</li> </ul>

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

### *Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

### *Responsibilities of the directors for the financial statements*

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

### Other matters

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Chan Kheng Hoe**  
02979/03/2024 J  
Chartered Accountant

Date: 6 April 2023

Penang

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	144,654	109,414
Investment properties	5	44,600	40,600
Right-of-use assets	6	81,256	81,776
Investment in associate	8	25,539	21,674
Investments in club memberships, at cost		91	91
Deferred tax assets	9	702	1,018
		<b>296,842</b>	254,573
<b>Current assets</b>			
Inventories	10	202,706	194,058
Receivables	11	252,953	231,635
Derivatives	12	282	0
Prepayments		13,178	9,447
Current tax assets		1,789	1,397
Cash and cash equivalents	13	370,402	255,941
		<b>841,310</b>	692,478
<b>Current liabilities</b>			
Derivatives	12	0	48
Payables	14	153,357	167,985
Dividend payable		11,808	11,807
Loans and borrowings	15	12,936	7,401
Lease liabilities	16	125	107
Contract liabilities	17	19,993	14,521
Current tax liabilities		2,484	2,987
		<b>200,703</b>	204,856
<b>Net current assets</b>		<b>640,607</b>	487,622
<b>Non-current liabilities</b>			
Deferred tax liabilities	9	3,498	2,653
Loans and borrowings	15	59,638	27,522
Lease liabilities	16	174	92
Deferred income on government grants	18	561	586
		<b>63,871</b>	30,853
<b>Net assets</b>		<b>873,578</b>	711,342
<b>Equity</b>			
Share capital	19	55,946	55,455
Revaluation surplus		14,160	14,160
Capital reserve		520	520
Share option reserve		2,305	1,587
Share grant reserve		4,636	0
Currency translation reserve		445	1,109
Retained profits		796,323	638,772
Equity attributable to owners of the Company		<b>874,335</b>	711,603
Non-controlling interests	20	(757)	(261)
<b>Total equity</b>		<b>873,578</b>	711,342

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	21	750,249	680,124
Interest income		2,481	805
Other income		25,797	11,297
Changes in work-in-progress and finished goods		(7,697)	43,224
Depreciation	22	(8,529)	(6,531)
Employee benefits expense	23	(133,985)	(119,807)
Impairment losses on financial assets	24	(6,404)	(133)
Raw materials consumed		(273,229)	(300,045)
Finance costs		(2,115)	(644)
Other expenses		(138,700)	(128,615)
Share of associate's loss		(1,635)	(1,485)
Profit before tax	25	206,233	178,190
Tax expense	26	(5,913)	(8,792)
Profit for the financial year		200,320	169,398
Other comprehensive income for the financial year:-			
- Currency translation differences for foreign operations (representing item that may be reclassified subsequently to profit or loss)		(664)	1,047
Comprehensive income for the financial year		199,656	170,445
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		200,816	169,664
- Non-controlling interests	20	(496)	(266)
		200,320	169,398
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		200,152	170,711
- Non-controlling interests		(496)	(266)
		199,656	170,445
Earnings per share:-	27		
- Basic (sen)		21.26	17.97
- Diluted (sen)		19.37	17.96

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non-distributable					Distributable			Total equity RM'000
	Share capital RM'000	Revaluation surplus RM'000	Capital reserve* RM'000	Share option reserve RM'000	Share grant reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	
Balance at 1 January 2021	54,649	14,160	520	51	0	62	499,566	569,008	(1) 569,007
Share-based payments	0	0	0	1,753	0	0	0	1,753	0 1,753
Issue of shares pursuant to Employees' Share Option Scheme	806	0	0	(217)	0	0	0	589	0 589
Issue of shares to non-controlling interests	0	0	0	0	0	0	0	0	6 6
Dividends (Note 28)	0	0	0	0	0	0	(30,458)	(30,458)	0 (30,458)
Total transactions with owners	806	0	0	1,536	0	0	(30,458)	(28,116)	6 (28,110)
Profit/(Loss) for the financial year	0	0	0	0	0	0	169,664	169,664	(266) 169,398
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	0	0	1,047	0	1,047	0 1,047
Comprehensive income for the financial year	0	0	0	0	0	1,047	169,664	170,711	(266) 170,445
Balance at 31 December 2021	55,455	14,160	520	1,587	0	1,109	638,772	711,603	(261) 711,342

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non-distributable					Distributable			Equity	
	Share capital RM'000	Revaluation surplus RM'000	Capital reserve* RM'000	Share option reserve RM'000	Share grant reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2022	55,455	14,160	520	1,587	0	1,109	638,772	711,603	(261)	711,342
Share-based payments	0	0	0	841	4,636	0	0	5,477	0	5,477
Issue of shares pursuant to Employees' Share Option Scheme	491	0	0	(123)	0	0	0	368	0	368
Dividends (Note 28)	0	0	0	0	0	0	(43,265)	(43,265)	0	(43,265)
Total transactions with owners	491	0	0	718	4,636	0	(43,265)	(37,420)	0	(37,420)
Profit/(Loss) for the financial year	0	0	0	0	0	0	200,816	200,816	(496)	200,320
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	0	0	(664)	0	(664)	0	(664)
Comprehensive income for the financial year	0	0	0	0	0	(664)	200,816	200,152	(496)	199,656
Balance at 31 December 2022	55,946	14,160	520	2,305	4,636	445	796,323	874,335	(757)	873,578

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		206,233	178,190
Adjustments for:-			
Amortisation of deferred income		(25)	(215)
Depreciation		8,529	6,531
Fair value gains on financial instruments		(2,868)	(2,543)
Fair value gains on investment properties		(4,000)	0
Gain on dilution of interest in associate		0	(641)
Gain on disposal of property, plant and equipment		(745)	(433)
Impairment losses on financial assets		6,404	133
Interest expense		2,115	644
Interest income		(2,481)	(805)
Inventories written down		20,259	15,637
Property, plant and equipment written off		0	4
Reversal of inventories written down		(15,637)	(10,817)
Share of associate's loss		1,635	1,485
Share-based payments		5,477	1,753
Unrealised loss on foreign exchange		6,370	2,344
Operating profit before working capital changes		231,266	191,267
Changes in:-			
Inventories		(13,270)	(62,764)
Receivables		(32,749)	(54,046)
Derivatives		(48)	785
Prepayments		(3,731)	(4,347)
Payables		(13,789)	36,812
Contract liabilities		5,472	7,612
Cash generated from operations		173,151	115,319
Tax paid		(6,323)	(5,279)
Tax refunded		1,058	0
Net cash from operating activities		167,886	110,040
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(42,994)	(18,760)
Acquisition of right-of-use assets	29	(8)	(48,331)
Interest and fund distributions received		4,685	3,396
Proceeds from disposal of property, plant and equipment		745	446
Proceeds from disposal of shares in associate		0	66
Subscription for shares in associate		(5,500)	(15,000)
Net cash used in investing activities		(43,072)	(78,183)
<b>Cash flows from financing activities</b>			
Dividends paid		(43,264)	(26,912)
Drawdown of term loans	29	77,883	0
Interest paid		(1,832)	(652)
Issue of shares		368	589
Issue of shares to non-controlling interests		0	6
Payment of lease liabilities	29	(145)	(112)
Repayment of term loans	29	(40,758)	(7,361)
Net cash used in financing activities		(7,748)	(34,442)

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Currency translation differences		(2,605)	408
Net increase/(decrease) in cash and cash equivalents		114,461	(2,177)
Cash and cash equivalents brought forward		255,941	258,118
Cash and cash equivalents carried forward	13	<u>370,402</u>	<u>255,941</u>

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	84	0
Investments in subsidiaries	7	38,871	29,084
Investment in associate	8	30,058	24,558
		<b>69,013</b>	53,642
<b>Current assets</b>			
Receivables	11	1	1,326
Prepayments		180	42
Current tax assets		7	8
Cash and cash equivalents	13	36,554	46,879
		<b>36,742</b>	48,255
<b>Current liabilities</b>			
Payables	14	15,964	11,471
Dividend payable		11,808	11,807
		<b>27,772</b>	23,278
<b>Net current assets</b>		<b>8,970</b>	24,977
<b>Net assets</b>		<b>77,983</b>	78,619
<b>Equity</b>			
Share capital	19	55,946	55,455
Share option reserve		2,305	1,587
Share grant reserve		4,636	0
Retained profits		15,096	21,577
<b>Total equity</b>		<b>77,983</b>	78,619

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



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	21	<b>67,275</b>	37,596
Interest income		<b>74</b>	35
Other income		<b>1,062</b>	1,414
Depreciation	22	<b>(14)</b>	0
Employee benefits expense	23	<b>(28,893)</b>	(26,025)
Other expenses		<b>(2,602)</b>	(1,999)
Profit before tax	25	<b>36,902</b>	11,021
Tax expense	26	<b>(118)</b>	(8)
Profit for the financial year		<b>36,784</b>	11,013
Other comprehensive income for the financial year		<b>0</b>	0
Comprehensive income for the financial year		<b>36,784</b>	11,013

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Non-distributable		Distributable	
	Share capital RM'000	Share option reserve RM'000	Share grant reserve RM'000	Retained profits RM'000	Total equity RM'000
Balance at 1 January 2021	54,649	51	0	41,022	95,722
Share-based payments	0	1,753	0	0	1,753
Issue of share pursuant to Employees' Share Option Scheme	806	(217)	0	0	589
Dividends (Note 28)	0	0	0	(30,458)	(30,458)
Total transactions with owners	806	1,536	0	(30,458)	(28,116)
Profit (representing comprehensive income) for the financial year	0	0	0	11,013	11,013
Balance at 31 December 2021	55,455	1,587	0	21,577	78,619
Share-based payments	0	841	4,636	0	5,477
Issue of shares pursuant to Employees' Share Option Scheme	491	(123)	0	0	368
Dividends (Note 28)	0	0	0	(43,265)	(43,265)
Total transactions with owners	491	718	4,636	(43,265)	(37,420)
Profit (representing comprehensive income) for the financial year	0	0	0	36,784	36,784
Balance at 31 December 2022	<b>55,946</b>	<b>2,305</b>	<b>4,636</b>	<b>15,096</b>	<b>77,983</b>

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		36,902	11,021
Adjustments for:-			
Depreciation		14	0
Dividend income		(42,250)	(15,825)
Fair value gains on financial instruments		(801)	(882)
Interest income		(74)	(35)
Share-based payments		1,190	549
Operating loss before working capital changes		(5,019)	(5,172)
Changes in:-			
Receivables		1,325	4,227
Prepayments		(138)	21
Payables		4,493	5,509
Cash generated from operations		661	4,585
Tax paid		(9)	(7)
Net cash from operating activities		652	4,578
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(98)	0
Dividends received		42,250	15,825
Interest and fund distributions received		767	917
Proceeds from disposal of shares in associate		0	66
Subscription for shares in associate		(5,500)	(15,000)
Subscription for shares in subsidiaries		(5,500)	(16,114)
Net cash from/(used in) investing activities		31,919	(14,306)
<b>Cash flows from financing activities</b>			
Dividends paid		(43,264)	(26,912)
Issue of shares		368	589
Net cash used in financing activities		(42,896)	(26,323)
Net decrease in cash and cash equivalents		(10,325)	(36,051)
Cash and cash equivalents brought forward		46,879	82,930
Cash and cash equivalents carried forward	13	36,554	46,879

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 1. General information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities of the subsidiaries are disclosed in Note 7.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang, Malaysia and its principal place of business is located at 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang, Malaysia.

The consolidated financial statements set out on pages 98 to 103 together with the notes thereto cover the Company and its subsidiaries ("Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 104 to 107 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 6 April 2023.

### 2. Significant accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:-

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The initial application of the above MFRSs did not have any significant impacts on the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.1 Basis of preparation of financial statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

<b>MFRS (issued as at the end of the reporting period)</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

#### 2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.2 Business combinations (cont'd)

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

#### 2.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

#### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11.

Capital work-in-progress is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Furniture, fittings and equipment	20% - 33%
Motor vehicles	25%
Renovation and electrical installation	25%

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.4 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

#### 2.5 Investment properties

Investment property is property held (by the owner or the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both. Investment property is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

When an owner-occupied property becomes an investment property to be stated at fair value, the Group applies the accounting policies as disclosed in Note 2.4 (for owned property) or Note 2.6 (for leased property) up to the date of change in use. Any difference at that date between the carrying amount of the property in accordance with Note 2.4 or Note 2.6 and its fair value is treated in the same way as a revaluation adjustment.

#### 2.6 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

##### Lessor accounting

When the Group acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group has not entered into any finance lease.

##### Lessee accounting

##### Initial recognition and measurement

When the Group acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.6 Leases (cont'd)

##### Lessee accounting (cont'd)

##### Initial recognition and measurement (cont'd)

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

##### Subsequent measurement

A right-of-use asset that meets the definition of investment property is subsequently measured using the fair value model as disclosed in Note 2.5. Other right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.11.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

#### 2.7 Research and development expenditure

Research expenditure is recognised in profit or loss when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group or the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is recognised in profit or loss when incurred.

#### 2.8 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.9 Investment in associate

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.11.

In the separate financial statements of the Company, investment in associate is stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

#### 2.10 Investments in club memberships

Investments in club memberships are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

#### 2.11 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than investment properties stated at fair value, deferred tax assets and inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

#### 2.12 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.13 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.14. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

#### 2.14 Financial assets

Financial assets of the Group and the Company consist of receivables, derivatives and cash and cash equivalents.

##### Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.19). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

##### Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

##### (i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables, cash and bank balances and term deposits are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

##### (ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.14 Financial assets (cont'd)

##### Subsequent measurement (cont'd)

##### (iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All derivatives and short-term funds are classified under this category. Any gain or loss is recognised in profit or loss.

##### Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

##### Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

#### 2.15 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings, derivatives and financial guarantee contracts.

##### Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.15 Financial liabilities (cont'd)

##### Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Derivatives are subsequently measured at fair value through profit or loss. Any gain or loss is recognised in profit or loss.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

##### Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

#### 2.16 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.17 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

#### 2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### Non-financial assets

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.18 Fair value measurement (cont'd)

##### Financial assets and financial liabilities

The carrying amounts of receivables, cash and bank balances, term deposits, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of derivatives and short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

#### 2.19 Revenue from contracts with customers

The Group and the Company recognise revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

##### Sale of goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.19 Revenue from contracts with customers (cont'd)

##### Rendering of services

The Group and the Company determine that the transfer of control of promised services generally coincides with their performance as the customer simultaneously receives and consumes the benefits of the performance as the Group or the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group and the Company measure the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed.

#### 2.20 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income for financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest or fund distribution income for financial assets measured at fair value through profit or loss is included in their net fair value gains or losses.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

#### 2.21 Government grants

Government grants are recognised when there is reasonable assurance that the Group or the Company will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group or the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of comprehensive income.

#### 2.22 Employee benefits

##### Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.22 Employee benefits (cont'd)

##### Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Share-based payments

The Employees' Share Option Scheme ("ESOS") and Share Grant Scheme ("SGS") of the Company grant its equity instruments to the Group's eligible employees upon satisfying specified vesting conditions. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve or share grant reserve, where appropriate. The total amount to be recognised is determined by reference to the fair value of the equity instruments at grant date and the estimated number of instruments expected to vest on vesting date.

#### 2.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.24 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### 3. Judgements and estimation uncertainty

#### Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

#### Sources of estimation uncertainty

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

##### Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

##### Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 11).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 4. Property, plant and equipment

#### Group

	Buildings RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation and electrical installation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>						
Balance at 1 January 2021	88,715	39,636	370	470	4,433	133,624
Additions	0	4,998	0	815	12,947	18,760
Disposals/Write-offs	0	(3,534)	0	0	0	(3,534)
Currency translation differences	0	2	0	0	0	2
Reclassifications	0	13	0	1,873	(1,886)	0
Balance at 31 December 2021	88,715	41,115	370	3,158	15,494	148,852
Additions	0	7,849	278	238	34,629	42,994
Disposals/Write-offs	0	(3,304)	0	0	0	(3,304)
Currency translation differences	0	(1)	0	0	0	(1)
Reclassifications	8,139	466	0	1,103	(9,708)	0
Balance at 31 December 2022	<b>96,854</b>	<b>46,125</b>	<b>648</b>	<b>4,499</b>	<b>40,415</b>	<b>188,541</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2021	4,337	32,293	279	242	0	37,151
Depreciation	1,774	3,716	67	243	0	5,800
Disposals/Write-offs	0	(3,517)	0	0	0	(3,517)
Currency translation differences	0	4	0	0	0	4
Balance at 31 December 2021	6,111	32,496	346	485	0	39,438
Depreciation	1,922	4,752	60	1,022	0	7,756
Disposals/Write-offs	0	(3,304)	0	0	0	(3,304)
Currency translation differences	0	(3)	0	0	0	(3)
Balance at 31 December 2022	<b>8,033</b>	<b>33,941</b>	<b>406</b>	<b>1,507</b>	<b>0</b>	<b>43,887</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 4. Property, plant and equipment (cont'd)

#### Group

	Buildings RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation and electrical installation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Carrying amount</b>						
Balance at 1 January 2021	84,378	7,343	91	228	4,433	96,473
Balance at 31 December 2021	82,604	8,619	24	2,673	15,494	109,414
Balance at 31 December 2022	<b>88,821</b>	<b>12,184</b>	<b>242</b>	<b>2,992</b>	<b>40,415</b>	<b>144,654</b>

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	<b>Group</b>	
	<b>2022 RM'000</b>	2021 RM'000
Buildings	<b>88,821</b>	82,604
Capital work-in-progress	<b>37,128</b>	14,480
	<b>125,949</b>	97,084

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 4. Property, plant and equipment (cont'd)

#### Company

	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>			
Balance at 1 January 2021 / 31 December 2021	3,082	86	3,168
Additions	98	0	98
Balance at 31 December 2022	<b>3,180</b>	<b>86</b>	<b>3,266</b>
<b>Accumulated depreciation</b>			
Balance at 1 January 2021 / 31 December 2021	3,082	86	3,168
Depreciation	14	0	14
Balance at 31 December 2022	<b>3,096</b>	<b>86</b>	<b>3,182</b>
<b>Carrying amount</b>			
Balance at 1 January 2021 / 31 December 2021	0	0	0
Balance at 31 December 2022	<b>84</b>	<b>0</b>	<b>84</b>

### 5. Investment properties

#### Group

	Leasehold land RM'000	Buildings RM'000	Shoplots RM'000	Total RM'000
<b>Fair value</b>				
Balance at 1 January 2021 / 31 December 2021	17,000	23,000	600	40,600
Fair value gains	2,000	2,000	0	4,000
Balance at 31 December 2022	<b>19,000</b>	<b>25,000</b>	<b>600</b>	<b>44,600</b>

The fair values of investment properties were measured based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2).

The Group leases the investment properties to third parties for 2 to 3 years. The undiscounted lease payments to be received are as follows:-

	2022 RM'000	2021 RM'000
Within 1 year	<b>4,919</b>	4,919
1 to 2 years	<b>3,280</b>	4,919
2 to 3 years	<b>0</b>	3,280
	<b>8,199</b>	<b>13,118</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 6. Right-of-use assets

#### Group

	Leasehold land RM'000	Land and greenhouse RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Balance at 1 January 2021	33,875	0	89	120	34,084
Additions	48,329	0	0	94	48,423
Depreciation	(619)	0	(48)	(64)	(731)
Balance at 31 December 2021	81,585	0	41	150	81,776
Additions	0	39	198	16	253
Depreciation	(618)	(13)	(68)	(74)	(773)
Balance at 31 December 2022	<b>80,967</b>	<b>26</b>	<b>171</b>	<b>92</b>	<b>81,256</b>

The Group acquired the rights to use the leasehold land as its principal place of business for 60 years. It also leases other assets for business operations for 3 to 5 years.

Leasehold land with carrying amount of RM80,967,000 (2021 : RM33,256,000) has been pledged as security for credit facilities granted to the Group.

### 7. Investments in subsidiaries

#### Company

	2022 RM'000	2021 RM'000
Unquoted shares, at cost:-		
- Ordinary shares	<b>16,656</b>	11,156
- Redeemable convertible preference shares	<b>15,000</b>	15,000
	<b>31,656</b>	26,156
Contributions under ESOS and SGS	<b>7,715</b>	3,428
Impairment loss	<b>(500)</b>	(500)
	<b>38,871</b>	29,084

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
ViTrox Technologies Sdn. Bhd.	Malaysia	100%	100%	Design, development and production of automated vision inspection system and digital automated vision inspection equipment and modules
ViE Technologies Sdn. Bhd.	Malaysia	100%	100%	Design, development and production of printed circuit board assemblies for microprocessor applications
ViTrox International Sdn. Bhd.	Malaysia	100%	100%	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
ViTrox Academy Sdn. Bhd.	Malaysia	100%	100%	Provision of quality, professional and affordable education and training, and undertaking of innovative research and development
ViTrox Agritech Sdn. Bhd.	Malaysia	70%	70%	Design, development and production of precision agricultural equipment, agricultural produce and materials
ViTrox Green Sdn. Bhd.	Malaysia	100%	0%	Dormant
<u>Subsidiaries of ViTrox International Sdn. Bhd.</u>				
ViTrox Technologies (Suzhou) Co., Ltd.*	China	100%	100%	As sales and support office
ViTrox Technologies GmbH*	Germany	100%	100%	As sales and support office
ViTrox Americas Inc.*	United States of America	100%	100%	As sales and support office

\* Not audited by Crowe Malaysia PLT

### 8. Investment in associate

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost:-				
- Ordinary shares	6,558	6,558	6,558	6,558
- Redeemable convertible preference shares	23,500	18,000	23,500	18,000
	30,058	24,558	30,058	24,558
Share of post-acquisition changes in net assets	(4,519)	(2,884)	0	0
	25,539	21,674	30,058	24,558

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 8. Investment in associate (cont'd)

The details of the associate and its subsidiary are as follows:-

Name of associate	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
Penang Automation Cluster Sdn. Bhd. ("PAC")	Malaysia	<b>36%</b>	36%	Investment holding, manufacture of high precision metal fabrication components, modules and systems, and provision of technology, engineering and metrology shared services
<u>Subsidiary of PAC</u>				
PAC Meditech Sdn. Bhd.	Malaysia	<b>*70%</b>	*70%	Manufacture of surgical masks and other medical related products

\* Being effective ownership interest held by PAC

The summarised financial information of the associate is as follows:-

	2022 RM'000	2021 RM'000
Non-current assets	<b>64,888</b>	64,815
Current assets	<b>10,203</b>	7,465
Current liabilities	<b>(25,320)</b>	(23,002)
Non-current liabilities	<b>(2,654)</b>	(3,066)
Net assets	<b>47,117</b>	46,212
Non-controlling interests	<b>(399)</b>	(406)
Net assets attributable to owners of the associate	<b>46,718</b>	45,806
Revenue	<b>15,791</b>	13,431
Loss (representing comprehensive income)	<b>(4,595)</b>	(4,022)

The reconciliation of the above summarised financial information to the carrying amount of the investment in associate is as follows:-

	Group	
	2022 RM'000	2021 RM'000
Net assets attributable to owners of the associate	<b>46,718</b>	45,806
Preference share capital	<b>(41,500)</b>	(36,000)
	<b>5,218</b>	9,806
Effective ownership interest	<b>36%</b>	36%
Share of net assets	<b>1,860</b>	3,495
Preference shares held by the Company	<b>23,500</b>	18,000
Goodwill	<b>179</b>	179
Carrying amount	<b>25,539</b>	21,674

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 9. Deferred tax assets and deferred tax liabilities

#### Group

	2022 RM'000	2021 RM'000
Balance at 1 January	(1,635)	(2,379)
Deferred tax (expense)/income relating to origination and reversal of temporary differences	(521)	642
Deferred tax (expense)/income relating to change in tax rate	(486)	165
Deferred tax liabilities underprovided in prior year	(154)	(63)
Balance at 31 December	<u>(2,796)</u>	<u>(1,635)</u>
Disclosed as:-		
- Deferred tax assets	702	1,018
- Deferred tax liabilities	<u>(3,498)</u>	<u>(2,653)</u>
	<u>(2,796)</u>	<u>(1,635)</u>
In respect of (taxable)/deductible temporary differences of:-		
- Property, plant and equipment	(1,167)	(843)
- Investment properties	(2,385)	(1,866)
- Inventories	0	62
- Financial instruments	756	1,012
	<u>(2,796)</u>	<u>(1,635)</u>

As at 31 December 2022, no deferred tax assets have been recognised for the following amounts:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	0	1	0	1
- Financial instruments	16,043	11,501	15,285	10,971
- Lease liabilities	44	0	0	0
Unused capital allowances	692	277	0	0
Unused tax losses expiring in year of assessment:-				
- 2028	29,208	30,843	29,208	30,843
- 2029	122	122	122	122
- 2030	36	36	0	0
- 2031	1,090	1,090	0	0
- 2032	2,937	0	0	0
Taxable temporary differences of:-				
- Property, plant and equipment	(514)	(402)	(25)	0
- Right-of-use assets	(41)	0	0	0
	<u>49,617</u>	<u>43,468</u>	<u>44,590</u>	<u>41,937</u>

The deductible temporary differences and unused capital allowances have no expiry date.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 10. Inventories

#### Group

	2022 RM'000	2021 RM'000
Raw materials	89,242	72,631
Work-in-progress	71,331	82,677
Finished goods	42,133	38,750
	<b>202,706</b>	<b>194,058</b>

### 11. Receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables:-				
- Subsidiary	0	0	0	1,325
- Unrelated parties	261,205	233,413	0	0
	261,205	233,413	0	1,325
- Loss allowance	(8,518)	(2,114)	0	0
	252,687	231,299	0	1,325
Other receivables	266	336	1	1
	<b>252,953</b>	<b>231,635</b>	<b>1</b>	<b>1,326</b>

#### Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2022, there were 3 (2021 : 2) major groups of customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM93,557,000 (2021 : RM57,634,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	37,743	39,762	0	1,325
China	77,093	93,378	0	0
Mexico	54,939	25,522	0	0
Taiwan	15,987	18,069	0	0
United States of America	36,630	36,615	0	0
Others	38,813	20,067	0	0
	<b>261,205</b>	<b>233,413</b>	<b>0</b>	<b>1,325</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 11. Receivables (cont'd)

#### Trade receivables (cont'd)

The credit terms of trade receivables range from 30 to 365 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Not past due	179,290	187,662	0	1,325
1 to 30 days past due	34,571	21,475	0	0
31 to 60 days past due	13,174	9,751	0	0
61 to 90 days past due	8,766	6,025	0	0
More than 90 days past due	25,404	8,500	0	0
	<b>261,205</b>	<b>233,413</b>	<b>0</b>	<b>1,325</b>

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

#### Group

	Not past due RM'000	1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000
<b>2022</b>						
Gross carrying amount	179,290	34,571	13,174	8,766	25,404	261,205
Average credit loss rate	1.49%	1.91%	3.10%	4.81%	17.14%	3.26%
Loss allowance	2,672	662	408	422	4,354	8,518
<b>2021</b>						
Gross carrying amount	187,662	21,475	9,751	6,025	8,500	233,413
Average credit loss rate	0.54%	0.63%	1.26%	1.91%	8.47%	0.91%
Loss allowance	1,020	136	123	115	720	2,114

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2021 : 36) months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 11. Receivables (cont'd)

#### Trade receivables (cont'd)

The changes in the loss allowance are as follows:-

	Group	
	2022 RM'000	2021 RM'000
Balance at 1 January	2,114	1,981
Impairment losses	6,404	133
Balance at 31 December	8,518	2,114

### 12. Derivatives

#### Group

	2022 RM'000	2021 RM'000
Forward exchange contracts - at fair value		
- Current assets	282	0
- Current liabilities	0	(48)

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2022, the Group had contracts with financial institutions due within 1 year to buy RM203,192,000 (2021 : RM134,791,000) and sell USD45,125,000 (2021 : USD32,032,000) at contractual forward rates.

The fair values of forward exchange contracts were directly measured using their unadjusted market values quoted by the financial institutions (i.e. Level 1).

### 13. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	194,188	78,309	5,574	583
Term deposits	43,984	13,590	0	0
Short-term funds - at fair value	132,230	164,042	30,980	46,296
	370,402	255,941	36,554	46,879

Cash and bank balances and term deposits are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The effective interest rates of term deposits as at 31 December 2022 ranged from 2.90% to 4.10% (2021 : 2.10% to 2.15%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 13. Cash and cash equivalents (cont'd)

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value. Their fair values were directly measured using the unadjusted market values quoted by the financial institutions (i.e. Level 1).

### 14. Payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables:-				
- Associate	698	1,868	0	0
- Unrelated parties	44,464	65,268	2	0
	45,162	67,136	2	0
Other payables	108,195	100,849	15,962	11,471
	153,357	167,985	15,964	11,471

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of trade and other payables range from 7 to 120 days.

### 15. Loans and borrowings

Group	2022 RM'000	2021 RM'000
Term loans	72,574	34,923
Disclosed as:-		
- Current liabilities	12,936	7,401
- Non-current liabilities	59,638	27,522
	72,574	34,923

Term loans are secured against certain property, plant and equipment (Note 4) and right-of-use assets (Note 6). The effective interest rate as at 31 December 2022 was 5.02% (2021 : 1.65%) per annum.

Term loans are repayable over 6 to 7 (2021 : 8 to 10) years. The repayment analysis is as follows:-

	2022 RM'000	2021 RM'000
Gross loan instalments:-		
- Within 1 year	15,996	7,883
- 1 to 5 years	57,551	28,076
- After 5 years	9,420	364
Total contractual undiscounted cash flows	82,967	36,323
Future finance charges	(10,393)	(1,400)
Present value of term loans	72,574	34,923



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 15. Loans and borrowings (cont'd)

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rate of term loans.

### 16. Lease liabilities

#### Group

	2022 RM'000	2021 RM'000
Gross lease liabilities:-		
- Within 1 year	136	114
- 1 to 5 years	181	98
Total contractual undiscounted cash flows	317	212
Future finance charges	(18)	(13)
Present value of lease liabilities	299	199
Disclosed as:-		
- Current liabilities	125	107
- Non-current liabilities	174	92
	299	199

The incremental borrowing rate applied to lease liabilities as at 31 December 2022 was 5.00% (2021 : 5.00%) per annum.

### 17. Contract liabilities

#### Group

	2022 RM'000	2021 RM'000
Balance at 1 January	14,521	6,909
Revenue recognised from opening contract liabilities	(14,142)	(6,320)
Excess of consideration over revenue recognised	19,614	13,932
Balance at 31 December	19,993	14,521

As disclosed in Note 2.19, the Group generally satisfies its performance obligations at a point in time upon delivery of goods or over time when services are performed. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 18. Deferred income on government grants

#### Group

	2022 RM'000	2021 RM'000
Balance at 1 January	586	801
Amortisation	(25)	(215)
Balance at 31 December	561	586

The Group received grants from the local government for certain research and development projects. The grants covered 50% to 100% of the project costs subject to the limits approved by the local government.

### 19. Share capital

	No. of ordinary shares with no par value '000	RM'000
<b>Issued and fully paid</b>		
Balance at 1 January 2021	472,056	54,649
Issue of shares pursuant to ESOS	211	806
Balance at 31 December 2021	472,267	55,455
Bonus issue	472,283	0
Issue of shares pursuant to ESOS	106	491
Balance at 31 December 2022	944,656	55,946

During the financial year, the Company issued 472,282,800 ordinary shares by way of bonus issue on the basis of 1 bonus share for every 1 existing ordinary share held in the Company.

#### Employees' Share Option Scheme ("ESOS")

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 27 February 2014, approved the Company's ESOS. The ESOS became effective on 4 March 2014.

The principal features of the ESOS are as follows:-

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 10% of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.
- (ii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed at least 1 year of service within the Group on a full time basis.
- (iii) All non-executive directors who have been appointed to the Board for more than 1 year shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and subject to the Articles of Association of the Company.
- (iv) The ESOS shall be valid for a duration of 10 years from the effective date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 19. Share capital (cont'd)

#### Employees' Share Option Scheme ("ESOS") (cont'd)

- (v) The option price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- (vi) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- (vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank equally in all respects with the then existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

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

	No. of options over ordinary shares '000	Weighted average exercise price RM	Weighted average share price RM	Range of exercise prices RM	Weighted average remaining contractual life
Outstanding at 1 January 2021	375	2.74			
Granted	537	15.67			
Exercised	(211)	2.79	12.50		
Forfeited	(16)	15.67			
Outstanding at 31 December 2021	685	12.56		1.01 - 15.67	2.2 years
Exercisable at 31 December 2021	164	2.68			
Outstanding at 1 January 2022	685	12.56			
Bonus issue	669				
Granted	60	5.92			
Exercised	(106)	3.48	9.14		
Forfeited	(45)	7.83			
Outstanding at 31 December 2022	1,263	6.51		0.50 - 7.83	1.2 years
Exercisable at 31 December 2022	630	5.37			

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 19. Share capital (cont'd)

#### Employees' Share Option Scheme ("ESOS") (cont'd)

The fair values of share options granted since the effective date of the ESOS were measured using the Black Scholes Model with the following inputs:-

	Option 1*	Option 2*	Option 3*	Option 4*	Option 5
Grant date	15.5.2014	20.10.2014	16.5.2017	23.2.2021	14.3.2022
Fair value at grant date	RM0.97	RM1.42	RM2.06	RM4.86	RM1.71
Weighted average share price	RM1.81	RM2.24	RM6.20	RM17.41	RM6.58
Exercise price	RM1.63	RM2.02	RM5.58	RM15.67	RM5.92
Expected volatility	38.18%	42.90%	23.12%	32.52%	36.31%
Option life	9.8 years	9.4 years	6.7 years	3.0 years	1.0 year
Expected dividends	0.87%	0.65%	1.12%	0.35%	0.51%
Risk-free interest rate	4.45%	4.15%	3.85%	2.18%	2.63%

\* The share options were granted and valued before the 1-for-1 bonus issues in 2017 and 2022, after which their fair values and exercise prices were adjusted accordingly.

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

#### Share Grant Scheme ("SGS")

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 23 December 2021, approved the Company's SGS. The SGS became effective on 28 April 2022.

The principal features of the SGS are as follows:-

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the SGS shall not exceed 5% of the total issued and fully paid-up share capital of the Company during the duration of the SGS.
- (ii) Subject to the SGS committee's sole discretion, any employee (including executive directors) of the Group shall be eligible to participate in the SGS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed at least 1 year of service within the Group on a full time basis.
- (iii) All executive and non-executive directors of the Company will not participate in the SGS.
- (iv) The SGS shall be valid for a duration of 10 years from the effective date.
- (v) No monetary consideration is required to be paid by the grantees for the acceptance of the grants and the subsequent vesting of the SGS shares comprised in the grants.
- (vi) The SGS shares comprised in the grants may be vested in tranches to the grantees, subject to the fulfilment of the vesting conditions stipulated in the grants.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 19. Share capital (cont'd)

#### Share Grant Scheme ("SGS") (cont'd)

(vii) The new shares to be allotted and issued under the scheme will, upon allotment and issuance, rank equally in all respects with the then existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of issuance of the new shares.

The movements in the number of ordinary shares granted under the SGS during the financial year are as follows:-

	No. of ordinary shares under SGS '000	Fair value at grant date RM
Balance at 1 January 2022	0	
Granted	2,396	6.93
Forfeited	(63)	
Balance at 31 December 2022	2,333	

The fair value of the shares granted was measured at the market price of the Company's shares at grant date. Where appropriate, the market price was adjusted to take into account the terms and conditions upon which the shares were granted.

### 20. Non-controlling interests ("NCI")

#### Group

	Accumulated NCI		Loss allocated to NCI	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ViTrox Agritech Sdn. Bhd.	(757)	(261)	(496)	(266)

The details of the subsidiary that has NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2022	2021	
ViTrox Agritech Sdn. Bhd.	Malaysia	30%	30%	Design, development and production of precision agricultural equipment, agricultural produce and materials

The summarised financial information about the assets, liabilities, profit or loss and cash flows of the above subsidiary has not been disclosed as its NCI are not material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 21. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:-				
- Sale of vision inspection solutions	696,617	639,250	0	0
- Rendering of related technical support services	53,632	40,874	25,025	21,771
	750,249	680,124	25,025	21,771
Other source of revenue:-				
- Dividend income	0	0	42,250	15,825
	750,249	680,124	67,275	37,596

#### Disaggregation of revenue from contracts with customers

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Geographical areas:-				
- Malaysia	144,895	167,657	25,025	21,771
- China	210,236	225,515	0	0
- Mexico	134,565	51,452	0	0
- Taiwan	69,103	91,591	0	0
- United States of America	86,357	86,998	0	0
- Others	105,093	56,911	0	0
	750,249	680,124	25,025	21,771
Timing of revenue recognition:-				
- At a point in time	696,617	639,250	0	0
- Over time	53,632	40,874	25,025	21,771
	750,249	680,124	25,025	21,771

### 22. Depreciation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	7,756	5,800	14	0
Right-of-use assets	773	731	0	0
	8,529	6,531	14	0

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 23. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company:-				
- Fees	165	158	165	158
- Other short-term employee benefits	1,033	1,026	395	383
- Defined contribution plans	278	273	115	112
- Share-based payments	103	0	103	0
	<b>1,579</b>	1,457	<b>778</b>	653
Directors of subsidiaries:-				
- Fees	40	29	0	0
- Other short-term employee benefits	152	89	0	0
- Defined contribution plans	21	14	0	0
- Share-based payments	27	0	0	0
	<b>240</b>	132	<b>0</b>	0
Other employees:-				
- Short-term employee benefits	112,572	106,030	24,096	22,544
- Defined contribution plans	14,247	10,435	2,932	2,279
- Share-based payments	5,347	1,753	1,087	549
	<b>132,166</b>	118,218	<b>28,115</b>	25,372
	<b>133,985</b>	119,807	<b>28,893</b>	26,025

### 24. Impairment losses on financial assets

#### Group

	2022 RM'000	2021 RM'000
Trade receivables from contracts with customers	<b>6,404</b>	133

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 25. Profit before tax

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	183	169	55	55
- Prior year	4	39	0	15
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	1,983	0	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	139	149	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	2,101	633	0	0
Interest expense for lease liabilities	14	11	0	0
Inventories written down	20,259	15,637	0	0
Lease expense relating to short-term leases	442	355	0	0
Loss on foreign exchange:-				
- Realised	0	0	0	1
- Unrealised	6,370	2,344	0	0
Property, plant and equipment written off	0	4	0	0
Research and development expenditure	67,520	58,040	29,696	22,467
and crediting:-				
Amortisation of deferred income	25	215	0	0
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	0	933	801	882
Fair value gains on investment properties	4,000	0	0	0
Gain on dilution of interest in associate	0	641	0	0
Gain on disposal of property, plant and equipment	745	433	0	0
Government grants under Wage Subsidy Programme	765	1,335	214	531

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 25. Profit before tax (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income for financial assets measured at amortised cost	2,481	805	74	35
Operating lease income from investment properties	4,919	1,640	0	0
Realised gain on foreign exchange	12,772	6,077	0	0
Reversal of inventories written down	15,637	10,817	0	0

### 26. Tax expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax on results for the year:-				
- Current tax	8,944	9,720	118	8
- Deferred tax	1,007	(807)	0	0
	9,951	8,913	118	8
Tax (over)/under provided in prior year:-				
- Current tax	(4,192)	(184)	0	0
- Deferred tax	154	63	0	0
	5,913	8,792	118	8

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Applicable tax rate	24.00	24.00	24.00	24.00
Non-deductible expenses	2.72	2.11	2.32	4.98
Non-taxable income	(0.11)	(0.34)	(27.73)	(36.38)
Pioneer income exempted	(24.55)	(24.54)	0.00	0.00
Effect of differential tax rates	2.05	3.22	0.00	0.00
Increase in unrecognised deferred tax assets	0.72	0.55	1.73	7.47
Average effective tax rate	4.83	5.00	0.32	0.07



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 27. Earnings per share

#### Group

The earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2022	2021
Profit for the financial year attributable to owners of the Company (RM'000)	<b>200,816</b>	169,664
Number of shares in issue as at 1 January ('000)	<b>472,267</b>	472,056
Effect of shares issued pursuant to ESOS ('000)	<b>75</b>	137
Effect of bonus issue ('000)	<b>472,283</b>	472,193
Weighted average number of shares for computing basic earnings per share ('000)	<b>944,625</b>	944,386
Number of shares under ESOS and SGS deemed to have been issued for no consideration ('000)	<b>91,856</b>	418
Weighted average number of shares for computing diluted earnings per share ('000)	<b>1,036,481</b>	944,804
Basic earnings per share (sen)	<b>21.26</b>	17.97
Diluted earnings per share (sen)	<b>19.37</b>	17.96

### 28. Dividends

#### Group and Company

	2022 RM'000	2021 RM'000
In respect of financial year ended 31 December 2020:-		
- Final tax exempt dividend of 3.95 sen per share	<b>0</b>	18,651
In respect of financial year ended 31 December 2021:-		
- Interim tax exempt dividend of 2.50 sen per share	<b>0</b>	11,807
- Final tax exempt dividend of 3.33 sen per share	<b>31,457</b>	0
In respect of financial year ended 31 December 2022:-		
- Interim tax exempt dividend of 1.25 sen per share	<b>11,808</b>	0
	<b>43,265</b>	30,458

The directors have proposed a final tax exempt dividend of 4.15 sen per share in respect of the financial year ended 31 December 2022, subject to the shareholders' approval at the forthcoming annual general meeting.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 29. Notes to consolidated statement of cash flows

#### Group

##### Acquisition of right-of-use assets

	2022 RM'000	2021 RM'000
Cost of right-of-use assets acquired	253	48,423
Acquisition by means of leases	(245)	(92)
Net cash disbursed	8	48,331

##### Term loans

	2022 RM'000	2021 RM'000
Balance at 1 January	34,923	40,635
Drawdowns	77,883	0
Repayments	(40,758)	(7,361)
Currency translation differences	243	1,657
Other changes	283	(8)
Balance at 31 December (Note 15)	72,574	34,923

##### Lease liabilities

	2022 RM'000	2021 RM'000
Balance at 1 January	199	219
Acquisition of right-of-use assets	245	92
Payments	(145)	(112)
Balance at 31 December (Note 16)	299	199

The total cash outflow for leases is as follows:-

	2022 RM'000	2021 RM'000
<b>Operating activities</b>		
Lease expense recognised in profit or loss (Note 25)	442	355
<b>Investing activities</b>		
Acquisition of right-of-use assets	8	48,331
<b>Financing activities</b>		
Interest portion of lease liabilities (Note 25)	14	11
Principal portion of lease liabilities	145	112
	609	48,809

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 30. Related party disclosures

Transactions with related parties during the financial year are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Key management personnel compensation:-				
- Short-term employee benefits	<b>1,390</b>	1,302	<b>560</b>	541
- Defined contribution plans	<b>299</b>	287	<b>115</b>	112
- Share-based payments	<b>130</b>	0	<b>103</b>	0
	<b>1,819</b>	1,589	<b>778</b>	653
Acquisition of property, plant and equipment from associate	<b>4</b>	0	<b>0</b>	0
Contributions to subsidiaries under ESOS and SGS	<b>0</b>	0	<b>4,287</b>	1,204
Donation to ViTrox Foundation*	<b>1,694</b>	1,000	<b>1,694</b>	1,000
Dividends declared from subsidiaries	<b>0</b>	0	<b>42,250</b>	15,825
Purchase of goods from associate and its subsidiary	<b>8,672</b>	7,440	<b>0</b>	0
Receiving of services from subsidiary	<b>0</b>	0	<b>29</b>	9
Rendering of services to associate	<b>4</b>	5	<b>0</b>	0
Rendering of services to subsidiary	<b>0</b>	0	<b>25,025</b>	21,771
Subscription for shares in associate	<b>5,500</b>	15,000	<b>5,500</b>	15,000
Subscription for shares in subsidiaries	<b>0</b>	0	<b>5,500</b>	16,114

\* ViTrox Foundation is a company limited by guarantee which was incorporated in April 2021 for charitable and educational purposes. Certain directors of the Company serve as trustees for the management of the affairs of ViTrox Foundation.

### 31. Segment reporting

#### Group

#### Operating segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sale of vision inspection solutions and the rendering of related technical support services.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 31. Segment reporting (cont'd)

#### Geographical information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers, whereas segment assets are based on the geographical location of assets.

	External revenue		Non-current assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	144,895	167,657	270,171	231,519
China	210,236	225,515	430	362
Mexico	134,565	51,452	0	0
Taiwan	69,103	91,591	0	0
United States of America	86,357	86,998	0	0
Others	105,093	56,911	0	0
	<b>750,249</b>	<b>680,124</b>	<b>270,601</b>	<b>231,881</b>

#### Major customers

For the financial year ended 31 December 2022, there were 2 (2021 : 1) major groups of customers that contributed 10% or more of the Group's total revenue and the total revenue generated from these major groups amounted to RM209,508,000 (2021 : RM77,788,000).

### 32. Contractual commitments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Acquisition of property, plant and equipment	<b>55,355</b>	5,852	<b>38</b>	0

### 33. Financial guarantee contracts

#### Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to a subsidiary up to a total limit of RM243,197,000 (2021 : RM59,195,000). The total utilisation of these credit facilities as at 31 December 2022 amounted to RM84,853,000 (2021 : RM42,668,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiary.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.15. After considering that the probability of the subsidiary defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 34. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

#### Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to a subsidiary. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 33.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

#### Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currency within the Group is Ringgit Malaysia ("RM"), whereas the major foreign currency transacted is US Dollar ("USD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	<b>Group</b>	
	<b>Denominated in USD</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Receivables	<b>229,068</b>	185,564
Cash and cash equivalents	<b>126,307</b>	33,762
Payables	<b>(42,798)</b>	(46,138)
Loans and borrowings	<b>(72,574)</b>	(34,923)
	<b>240,003</b>	138,265



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 34. Financial risk management (cont'd)

#### Currency risk (cont'd)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	<b>Group</b>	
	<b>Increase/(Decrease) in profit</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Appreciation of USD against RM by 4% (2021 : 1%)	<b>9,640</b>	1,451
Depreciation of USD against RM by 4% (2021 : 1%)	<b>(9,640)</b>	(1,451)

#### Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>		
Financial assets	<b>43,984</b>	13,590
Financial liabilities	<b>299</b>	199
<b>Floating rate instruments</b>		
Financial liabilities	<b>72,574</b>	34,923

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 34. Financial risk management (cont'd)

#### Interest rate risk (cont'd)

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	<b>Group</b>	
	<b>Increase/(Decrease) in profit</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Increase in interest rates by 40 (2021 : 0*) basis points	<b>(284)</b>	0
Decrease in interest rates by 40 (2021 : 0*) basis points	<b>284</b>	0

\* Using standard deviation to measure interest rate volatility for the past 12 months, the Group did not foresee any reasonably possible change in interest rate at the end of the previous reporting period.

### 35. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and borrowings	<b>72,574</b>	34,923
Lease liabilities	<b>299</b>	199
Total interest-bearing debts	<b>72,873</b>	35,122
Total equity	<b>873,578</b>	711,342
Total capital	<b>946,451</b>	746,464
Debt-to-equity ratio	<b>8%</b>	5%

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

# LIST OF PROPERTIES

No.	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building / Tenure	Description / Existing Use	Land Area / Build Up Area (Sq. Metre)	Carrying Amount as at 31 December 2022 RM'000	Year of Valuation / Acquisition
1.	<b>ViTrox Technologies Sdn. Bhd.</b> HSD 21704, Lot No. PT 5286, Mukim 12, Daerah Barat Daya, Pulau Pinang.  <u>Bearing Postal Address</u> No. 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang.	16 years / 60 years lease expiring on 26 December 2066	Factory for investment purposes	12,153 / 13,124	44,000	31 December 2022 (Date of Valuation)
2.	<b>ViTrox Technologies Sdn. Bhd.</b> HSD 47985, Lot No. PT 5920, Mukim 13, Seberang Perai Selatan, Pulau Pinang.  <u>Bearing Postal Address</u> No. 746, Persiaran Cassia Selatan 3, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang.	5 years / 60 years lease expiring on 25 October 2075	ViTrox Campus 2.0	89,999 / 42,303	121,459	9 December 2014 (Date of Acquisition)
3.	<b>ViTrox Technologies Sdn. Bhd.</b> Plot 323b and Plot 323c, Batu Kawan Industrial Park.	- / 60 years lease upon issuance of title	Vacant land	85,135 / -	48,329	31 May 2021 (Date of Acquisition)
4.	<b>ViTrox Technologies Sdn. Bhd.</b> PN 4040, Lot No. 14440, Mukim 12, Barat Daya, Pulau Pinang.  <u>Bearing Postal Address</u> Level No. 04, Unit No. 20, Kristal Point II, Lebuh Bukit Kecil 6, 11900 Bayan Lepas, Penang.	18 years / 99 years lease expiring on 6 January 2103	Shoplot for investment purposes	- / 96	300	31 December 2022 (Date of Valuation)
5.	<b>ViTrox Technologies Sdn. Bhd.</b> PN 4040, Lot No. 14440, Mukim 12, Barat Daya, Pulau Pinang.  <u>Bearing Postal Address</u> Level No. 04, Unit No. 21, Kristal Point II, Lebuh Bukit Kecil 6, 11900 Bayan Lepas, Penang.	18 years / 99 years lease expiring on 6 January 2103	Shoplot for investment purposes	- / 96	300	31 December 2022 (Date of Valuation)

# STATISTICS OF SHAREHOLDERS

## AS AT 31 MARCH 2023

### SHARE CAPITAL

Total number of issued shares	: 944,695,000
Class of Shares	: Ordinary Shares
Voting Rights	: One voting right for one ordinary share

### DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	%
1 – 99	52	733	0.00
100 – 1,000	1,976	1,106,453	0.12
1,001 – 10,000	1,691	6,223,656	0.66
10,001 – 100,000	602	20,762,470	2.20
100,001 – 47,234,749	267	408,203,704	43.21
47,234,750 and above	3	508,397,984	53.81
<b>Total</b>	<b>4,591</b>	<b>944,695,000</b>	<b>100.00</b>

### THIRTY LARGEST SECURITIES HOLDERS

No.	Name	Shareholdings	%
1	Chu Jenn Weng	250,000,000	26.46
2	Siaw Kok Tong	169,747,056	17.97
3	Yeoh Shih Hoong	88,650,928	9.38
4	Tan Booï Charn	28,983,000	3.07
5	Kumpulan Wang Persaraan (Diperbadankan)	17,639,100	1.87
6	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For DBS Bank Ltd (SFS-PB)	16,600,000	1.76
7	Cartaban Nominees (Tempatan) Sdn Bhd Qualifier: Standard Chartered Bank (Singapore) Limited For Teng Soo Fong	15,000,000	1.59
8	Kiew Kwong Sen	13,009,400	1.38
9	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	10,944,500	1.16
10	Affin Hwang Nominees (Asing) Sdn Bhd Qualifier: DBS Vickers Secs (S) Pte Ltd For Voyager Assets Limited	10,162,696	1.08
11	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt An For Citibank New York (Norges Bank 19)	10,069,800	1.07
12	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY For Norges Bank (FI 17)	9,760,698	1.03
13	Wong Ting Lik	9,398,376	0.99
14	Chua Siew Kim	8,872,396	0.94
15	Tan Hong Soon	8,000,000	0.85
16	Amanahraya Trustees Berhad Qualifier: Public Islamic Select Treasures Fund	7,364,400	0.78
17	Cheong Siew Chyuan	6,877,000	0.73
18	Lim Yee @ Lim Wei Yee	5,794,800	0.61
19	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA For Vanguard Emerging Markets Stock Index Fund	5,706,908	0.60
20	Wong Yoke Fong @ Wong Nyok Fing	5,690,800	0.60

# STATISTICS OF SHAREHOLDERS

## AS AT 31 MARCH 2023

### THIRTY LARGEST SECURITIES HOLDERS (CONT'D)

No.	Name	Shareholdings	%
21	Cartaban Nominees (Tempatan) Sdn Bhd Qualifier: PAMB For Prulink Equity Fund	5,617,800	0.59
22	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA For Vanguard Total International Stock Index Fund	5,119,700	0.54
23	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	5,073,800	0.54
24	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Cheong Siew Chyuan	5,030,000	0.53
25	HSBC Nominees (Asing) Sdn Bhd Qualifier: TNTC For Barings Asean Frontiers Fund	4,756,400	0.50
26	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt An For Citibank New York (Norges Bank 14)	4,565,102	0.48
27	Amanahraya Trustees Berhad Qualifier: Public Islamic Dividend Fund	4,473,600	0.47
28	Wee Kah Khim	4,128,200	0.44
29	Su Sow Boay	4,124,754	0.44
30	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For Credit Suisse (HK BR-TST-TEMP)	4,000,000	0.42

### SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	253,956,668	26.88	-	-
Siaw Kok Tong	169,900,656	17.99	10,000,000 <sup>1</sup>	1.06
Yeoh Shih Hoong	88,650,928	9.38	8,000,000 <sup>2</sup>	0.85

### DIRECTORS' SHAREHOLDING

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	253,956,668	26.88	2,456,396 <sup>3</sup>	0.26
Siaw Kok Tong	169,900,656	17.99	10,000,000 <sup>1</sup>	1.06
Yeoh Shih Hoong	88,650,928	9.38	8,000,000 <sup>2</sup>	0.85
			724,192 <sup>3</sup>	0.08
Dato' Seri Dr. Kiew Kwong Sen	13,009,400	1.38	8,872,396 <sup>3</sup>	0.94
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	3,075,000	0.33	-	-
Chuah Poay Ngee	782,000	0.08	2,200 <sup>3</sup>	Negligible
Mary Yeo Chew Yen	74,000	0.01	42,000 <sup>3</sup>	Negligible
Dato' Prof. Dr. See Ching Mey	-	-	-	-
Emelia Binti Matrahah	-	-	-	-

<sup>1</sup> CIMB Group Nominees (Tempatan) Sdn Bhd - Exempt An For DBS Bank Ltd (SFS-PB)

<sup>2</sup> 4,000,000 shares registered in the name of HSBC Nominees (Tempatan) Sdn Bhd – Exempt an For Credit Suisse (HK BR-TST-TEMP) (is the custodian bank of Credit Suisse Hong Kong Private Banking) and 4,000,000 shares registered in the name of CIMB Group Nominees (Tempatan) Sdn Bhd - Exempt An For DBS Bank Ltd (SFS-PB)

<sup>3</sup> Deemed interest by virtue of shares held by family member (who is not director of the Company) under Section 59 of the Companies Act 2016



# SHARE BUY-BACK STATEMENT

## 1. Disclaimer Statement

This Share Buy-back Statement ("Statement") is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior its issuance, and hence, takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this Statement.

## 2. Rationale for the Proposed Renewal of Authority to ViTrox Corporation Berhad ("ViTrox" or "the Company") to Purchase its Own Ordinary Shares ("Shares") of up to 10% of its Total Number of Issued Shares at any Given Point in Time ("Proposed Renewal of Share Buy-Back Mandate")

The Proposed Renewal of Share Buy-Back Mandate, if implemented, will enable the Company to utilise its financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-Back Mandate may enhance the EPS which may have a positive impact on the market price of the Shares. Other potential benefits of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholder are as follows:-

- To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity; and
- The Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

As at 31 March 2023, the total number of issued shares of ViTrox was 944,695,000 Ordinary Shares and no treasury share was held by the Company.

Assuming the following Employees' Share Issuance Scheme ("ESS") of the Company:-

- Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares), which was approved by the shareholders of ViTrox at the Extraordinary General Meeting held on 27 February 2014; and
- Employees' Share Grant Scheme ("SGS") of up to five percent (5%) of the total number of issued shares of the Company (excluding treasury shares), which was approved by the shareholders of ViTrox at the Extraordinary General Meeting held on 23 December 2021.

will be exercised in full, the maximum number of ViTrox Shares which may be purchased by the Company will be ten percent (10%) of the enlarged total number of issued shares of the Company, i.e. 108,153,310 ViTrox Shares. Please refer Section 7(a) of this Statement for further details.

## 3. Retained Profits

Based on the audited financial statements of ViTrox as at 31 December 2022, the retained profits of the Company stood at RM15.1 million. The maximum fund to be allocated by the Company for the purpose of Proposed Renewal of Share Buy-Back Mandate shall not exceed the retained profits of the Company.

## 4. Funding for the Proposed Renewal of Share Buy-Back Mandate

The Proposed Renewal of Share Buy-Back Mandate will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Renewal of Share Buy-Back Mandate as the Company has net cash and cash equivalent balance of approximately of RM36.6 million based on the audited financial statements of ViTrox as at 31 December 2022. The fund utilised by the Company for the Proposed Renewal of Share Buy-Back Mandate will reduce the resources available to ViTrox for its operations by a corresponding amount for shares bought back.

# SHARE BUY-BACK STATEMENT

## 5. Interests of Directors' and Major Shareholders' and Persons Connected with them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-Back Mandate, none of the Directors and Major Shareholders of ViTrox nor persons connected with them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate and, if any, the resale of treasury shares. Based on the Register of Directors and Register of Substantial Shareholders of ViTrox as at 31 March 2023 and assuming that ViTrox implements the Proposed Renewal of Share Buy-Back Mandate in full, the effects of the Proposed Renewal of Share Buy-Back Mandate on the shareholdings of the Directors, Substantial Shareholders and Person Connected with them of ViTrox are as follows:-

	As at 31 March 2023 <sup>(a)</sup>				After full exercise of ESS and Proposed Renewal of Share Buy-Back Mandate <sup>(b)</sup>			
	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
<b>Directors and Substantial Shareholders</b>								
Chu Jenn Weng <sup>1</sup>	253,956,668	26.88	-	-	253,956,668	26.09	-	-
Siaw Kok Tong	169,900,656	17.99	10,000,000 <sup>8</sup>	1.06	169,900,656	17.45	10,000,000 <sup>8</sup>	1.03
Yeoh Shih Hoong <sup>2</sup>	88,650,928	9.38	8,000,000 <sup>5,8</sup>	0.84	88,650,928	9.11	8,000,000 <sup>5,8</sup>	0.82
<b>Directors</b>								
Dato' Seri Dr. Kiew Kwong Sen <sup>3</sup>	13,009,400	1.38	-	-	13,009,400	1.34	-	-
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	3,075,000	0.33	-	-	3,075,000	0.32	-	-
Chuah Poay Ngee	782,000	0.08	-	-	782,000	0.08	-	-
Mary Yeo Chew Yen <sup>4</sup>	74,000	0.01	-	-	134,000 <sup>7</sup>	0.01	-	-
Dato' Prof. Dr. See Ching Mey	-	-	-	-	-	-	-	-
Emelia Binti Matrahah	-	-	-	-	-	-	-	-
<b>Person Connected to Director/ Substantial Shareholder</b>								
Su Pek Fuen <sup>1</sup>	2,456,396	0.26	-	-	2,456,396	0.25	-	-
Kam Su-Ning <sup>2</sup>	724,192	0.08	-	-	724,192	0.07	-	-
Chua Siew Kim <sup>3</sup>	8,872,396	0.94	-	-	8,872,396	0.91	-	-
Lo Chih Ming <sup>4</sup>	42,000	Negligible	-	-	42,000	Negligible	-	-
Nicole Choo Yi Hui <sup>6</sup>	2,200	Negligible	-	-	2,200	Negligible	-	-

### Notes:-

<sup>(a)</sup> Based on the total number of issued shares of 944,695,000 Ordinary Shares.

<sup>(b)</sup> Based on the total number of issued shares of 973,379,790 Ordinary Shares after the full exercise of ESS and Proposed Renewal of Share Buy-Back Mandate is carried out in full and all the shares purchased are held as treasury shares.

<sup>1,2,3,4</sup> Being spouse to the Director/Substantial Shareholder.

<sup>5</sup> HSBC Nominees (Tempatan) Sdn Bhd – Exempt an For Credit Suisse (HK BR-TST-TEMP), is the custodian bank of Credit Suisse Hong Kong Private Banking, of which Yeoh Shih Hoong 4,000,000 shares are currently safe-kept in.

<sup>6</sup> Daughter of Chuah Poay Ngee

<sup>7</sup> Assuming full exercise of her 60,000 options granted under ESOS on 14 March 2022

<sup>8</sup> CIMB Group Nominees (Tempatan) Sdn Bhd - Exempt An For DBS Bank Ltd (SFS-PB)

## SHARE BUY-BACK STATEMENT

### 6. Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

#### 6.1 Potential Advantages of the Proposed Renewal of Share Buy-Back Mandate

The Potential Advantages of the Proposed Renewal of Share Buy-Back Mandate are set out in Section 2 of this Statement.

#### 6.2 Potential Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

- a. The Proposed Renewal of Share Buy-Back Mandate, if implemented, will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in the future; and
- b. As the Proposed Renewal of Share Buy-Back Mandate can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Proposed Renewal of Share Buy-Back Mandate is not expected to have any potential material disadvantage to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

### 7. Material Financial Effects of the Proposed Renewal of Share Buy-Back Mandate

The material financial effects of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated Net Tangible Assets ("NTA"), working capital, earnings, dividends and the substantial shareholders' shareholdings in ViTrox (assuming that the Company purchases up to a maximum of 108,153,310 ViTrox Shares representing approximately ten percent (10%) of the enlarged total number of issued shares with the full exercised of ESS) are set out below:-

#### a. Share Capital

The effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital of the Company as at 31 March 2023 are illustrated as follows:-

	No. of Shares
Issued and fully paid-up share capital as at 31 March 2023	944,695,000
Shares to be issued pursuant to the ESS (assuming full exercise of the ESS of up to 15% of the issued and paid-up share capital and net of 4,866,100 shares already issued pursuant to the ESOS as at 31 March 2023)	136,838,100
Enlarged issued and paid-up share capital	1,081,533,100
Assumed the Shares purchased and cancelled	(108,153,310)
Resultant issued and paid-up capital	973,379,790

Notes:-

No treasury share was held.

If the Shares so purchased are retained as treasury shares, the total number of issued shares of the Company will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these Shares remain as treasury shares, the Companies Act 2016 prohibits the taking into account of such Shares in calculating the number of percentage of Shares for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

# SHARE BUY-BACK STATEMENT

## 7. Material Financial Effects of the Proposed Renewal of Share Buy-Back Mandate (Cont'd)

### b. Earnings

The effects of the Proposed Renewal of Share Buy-Back Mandate on the earnings of the Group will depend on, inter alia, the purchase prices of the Shares, the number of Shares purchased, the effective funding cost to ViTrox to finance the purchase of Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

Assuming the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Renewal of Share Buy-Back Mandate will have a positive impact on the EPS of the Group.

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Renewal of Share Buy-Back Mandate may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice versa.

### c. NTA

The effect of the Proposed Renewal of Share Buy-Back Mandate on the consolidated NTA of the Group would depend on the purchase prices of the Shares, the number of Shares purchased and the effective funding cost to the Group to finance the purchase of Shares or any loss in interest income to the Group.

The Proposed Renewal of Share Buy-Back Mandate will reduce the consolidated NTA per Share of the Group if the purchase price exceeds the consolidated NTA per Share at the time of the purchase, and vice versa.

In the event the treasury shares are resold on Bursa Securities, the consolidated NTA per Share will increase if the Company realizes a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the consolidated NTA per Share will decrease by the cost of the treasury shares.

### d. Working Capital

The Proposed Renewal of Share Buy-Back Mandate is likely to reduce the working capital and cash flow of the Group, the quantum of which will depend on the purchase prices of the Shares, the number of Shares purchased and any associated costs incurred in making the purchase.

For the Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

### e. Substantial Shareholders

Shares bought back by the Company under the Proposed Renewal of Share Buy-Back Mandate that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

### f. Dividends

Assuming the Proposed Renewal of Share Buy-Back Mandate is implemented in full, dividends would be paid on the remaining total number of issued shares of ViTrox (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back Mandate may have an impact on the Company's dividend policy for the financial year ending 31 December 2023 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by ViTrox in the future would depend on, inter-alia, the profitability and cashflow position of the Group.

# SHARE BUY-BACK STATEMENT

## 8. Implications of the Proposed Renewal of Share Buy-Back Mandate relating to the Rules on Take-overs, Merger and Compulsory Acquisitions ("the Rules")

As it is not intended for the Proposed Renewal of Share Buy-Back Mandate to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company's shareholders and/or parties acting in concert with them, the Board of Directors ("Board") will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Renewal of Share Buy-Back Mandate would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

In this connection, the Board will be mindful of the Rules when making any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate.

## 9. Purchases, Resold, Transfer and Cancellation made by the Company of its Own Shares in the Preceding 12 Months

There was no treasury share held and the Company had not purchased, resold, transferred or cancelled any shares in the preceding 12 months.

## 10. Public Shareholding Spread

As at 31 March 2023, the Record of Depositors of ViTrox showed that 381,020,864 Shares representing approximately 40.33% of the total number of issued shares were held by the public shareholders. In this regard, the Board undertakes that the Proposed Renewal of Share Buy-Back Mandate will be conducted to the extent that the public shareholding spread of ViTrox shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times in accordance with the laws and regulations prevailing at the time of the purchase as stipulated in Paragraphs 8.02(1) and 12.14 of the Main Market Listing Requirements of Bursa Securities.

## 11. Proposed Intention of the Directors to Deal with the Shares so Purchased

The Proposed Renewal of Share Buy-Back Mandate, if exercised, the shares shall be dealt with in the following manner:-

- To cancel the shares so purchased; or
- To retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- To retain part of the shares so purchased as treasury shares and cancel the remainder.

## 12. Directors' Statement

The Board, having taken into consideration the rationale for the Proposed Renewal of Share Buy-Back Mandate, is of the opinion that Proposed Renewal of Share Buy-Back Mandate is in the best interest of the Company.

## 13. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the 19<sup>th</sup> AGM to give effect to the Proposed Renewal of Share Buy-Back Mandate.



# SHARE BUY-BACK STATEMENT

## 14. Historical Share Prices

The monthly highest and lowest market prices of ViTrox's Shares traded on Bursa Securities for the preceding 12 months are as follows:-

	High RM	Low RM
<b>2022</b>		
April	8.38	7.20
May	7.75	6.93
June	7.93	6.95
July	7.80	6.45
August	7.81	7.10
September	7.60	7.10
October	7.38	6.73
November	7.34	6.89
December	8.00	7.35
<b>2023</b>		
January	8.20	7.54
February	8.67	7.60
March	8.10	7.40

Last transacted market price as at 10 April 2023 (being the latest practical date prior to the printing of this Statement) was RM7.88.

(Source: Bloomberg)

## 15. Responsibility Statement

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

## 16. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang during normal office hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:-

- (i) Constitution of ViTrox; and
- (ii) The audited consolidated financial statements of ViTrox for the past two (2) financial years ended 31 December 2021 and 2022 respectively.

## 17. Further Information

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate and the extent of the risks involved in doing so.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19<sup>th</sup> Annual General Meeting of the Company ("19<sup>th</sup> AGM") will be held at the Auditorium of ViTrox Campus 2.0, 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang on Wednesday, 21 June 2023 at 10.00 a.m. for the following purposes:-

## AGENDA

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2022 together with the reports of the Directors and Auditors thereon.  | (Please refer to Note A)                   |
| 2. To declare a Final Dividend of 4.15 sen per share exempt from Income Tax for the year ended 31 December 2022.   | (Resolution 1)                             |
| 3. To approve the payment of Directors' Fee of RM19,800 to Emelia Binti Matrahah for the period from 1 December 2022 until 31 May 2023.  | (Resolution 2)                             |
| 4. To approve the payment of Directors' Fee of RM19,800 to Dato' Prof. Dr. See Ching Mey for the period from 1 December 2022 until 31 May 2023.  | (Resolution 3)                             |
| 5. To approve an increase of the Directors' Fee from RM158,400 to RM237,600 for the period from 1 June 2023 until the next Annual General Meeting ("AGM") of the Company and payment of such Fee to the Non-Executive Directors. | (Resolution 4)<br>(Please refer to Note B) |
| 6. To re-elect the following directors retiring under the respective provision of the Company's Constitution, and who being eligible, offered themselves for re-election:-   | (Please refer to Note C)                   |
| a) Chu Jenn Weng   | Paragraph 102 (1) (Resolution 5)           |
| b) Yeoh Shih Hoong   | Paragraph 102 (1) (Resolution 6)           |
| c) Mary Yeo Chew Yen   | Paragraph 102 (1) (Resolution 7)           |
| d) Emelia Binti Matrahah   | Paragraph 107 (2) (Resolution 8)           |
| e) Dato' Prof. Dr. See Ching Mey   | Paragraph 107 (2) (Resolution 9)           |
| 7. To approve the benefits payable (excluding Directors' Fees) to Emelia Binti Matrahah, an Independent Director up to an amount of RM11,000 from 1 December 2022 until 31 May 2023.   | (Resolution 10)                            |
| 8. To approve the benefits payable (excluding Directors' Fees) to Dato' Prof. Dr. See Ching Mey, an Independent Director up to an amount of RM10,000 from 1 December 2022 until 31 May 2023.                                     | (Resolution 11)                            |
| 9. To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM220,000 from 1 June 2023 until the next AGM of the Company.   | (Resolution 12)                            |
| 10. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.   | (Resolution 13)                            |
| 11. AS SPECIAL BUSINESSES  |  |

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

### ORDINARY RESOLUTIONS

- |                                     |                 |
|-------------------------------------|-----------------|
| a) <u>AUTHORITY TO ISSUE SHARES</u> | (Resolution 14) |
|-------------------------------------|-----------------|

"That pursuant to Companies Act 2016 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

# NOTICE OF ANNUAL GENERAL MEETING

## b) RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES

(Resolution 15)

"That subject to the Companies Act 2016, provisions of the Company's Constitution and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

- i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company at any point in time;
- ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended 31 December 2022, the audited retained profits of the Company stood at RM15,095,886;
- iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
  - to cancel the shares so purchased; or
  - to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
  - to retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act 2016, provisions of the Company's Constitution, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

HOW WEE LING (MAICSA 7033850) / SSM PC No.: 202008000869

OOI EAN HOON (MAICSA 7057078) / SSM PC No.: 202008000734

Secretaries

Penang

Date : 28 April 2023

# NOTICE OF ANNUAL GENERAL MEETING

## Notes

- i. Shareholders may send questions in relation to the agenda items for the 19<sup>th</sup> AGM, to the Chairman or Board of Directors electronically by email to [siew-wei.tan@vitrox.com](mailto:siew-wei.tan@vitrox.com) no later than Monday, 19 June 2023 at 10.00 a.m..
- ii. To enable the Company to make the necessary arrangement on the 19<sup>th</sup> AGM day, attendees who wish to attend the 19<sup>th</sup> AGM in person are encouraged to pre-register attendance by providing: 1) Full name; 2) NRIC /Passport No.; 3) CDS Account No.; 4) Category of Attendees: Shareholder/Proxy/Invitee.; and 5) Contact No., via email to [siew-wei.tan@vitrox.com](mailto:siew-wei.tan@vitrox.com) by 19 June 2023 10.00 a.m..
- iii. Shareholders are also reminded to monitor the Company's website and announcements from time to time for any changes to the 19<sup>th</sup> AGM arrangement.

## Proxy

1. For the purpose of determining a member who shall be entitled to attend and vote at the 19<sup>th</sup> AGM, the Company shall be requesting the Record of Depositors as at 12 June 2023. Only a depositor whose name appears on the Record of Depositors as at 12 June 2023 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. A member may appoint up to two (2) proxies in relation to the 19<sup>th</sup> AGM, provided that he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
5. The instrument appointing a proxy shall be deposited Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to [info@sshsb.com.my](mailto:info@sshsb.com.my), not less than 48 hours before the time for holding the 19<sup>th</sup> AGM or any adjournment thereof i.e. by Monday, 19 June 2023 at 10.00 a.m..

## **Explanatory Notes on Ordinary and Special Business:**

- A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.
- B. The Ordinary Resolution 4 is to facilitate payment of Directors' fees for the period from 1 June 2023 until the next AGM. The existing RM158,400 Directors' Fee was calculated based on RM13,200/month with 12-month provision. Following the appointment of additional 2 Non-Executive Directors ("NED") on 1 December 2022, the proposed increase in Director's Fee is from RM13,200/month to RM19,800/month for all NED calculated based on 12-month provision.
- C. The Board through the Nominating Committee had undertaken an annual assessment on the Directors. Chu Jenn Weng (Executive Director), Yeoh Shih Hoong (Executive Director) and Mary Yeo Chew Yen (Independent Non-Executive Director) whom are seeking for re-election pursuant to Paragraph 102 (1) of the Company's Constitution. Mary Yeo has also provided her annual declaration/confirmation of independence. Whereas, Emelia Binti Matrahah and Dato' Prof. Dr. See Ching Mey, are directors whom were appointed on 1 December 2022 and are seeking for re-election pursuant to Paragraph 107 (2) of the Company's Constitution.

The Board and the Nominating Committee are satisfied with their performance assessment i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities. Thus, the Board recommended that the approval of the shareholders be sought for the re-election of the said Directors at the 19<sup>th</sup> AGM. The information of the Directors' standing for re-election is set out in "Profile of Directors" of the Annual Report 2022.

# NOTICE OF ANNUAL GENERAL MEETING

## **Explanatory Notes on Ordinary and Special Business: (Cont'd)**

- D. The proposed Resolution No. 14, if passed, will grant a renewed general mandate ("Mandate 2023") and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

The Mandate 2023 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 18<sup>th</sup> AGM. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

- E. The proposed Resolution No. 15, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### **1. Details of individuals who are standing for election as directors (excluding directors standing for a re-election)**

No individual is seeking election as a director at the 19<sup>th</sup> AGM of the Company.

### **2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (D) of the Notice of 19<sup>th</sup> AGM.



## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the Final Dividend of 4.15 sen per share exempt from Income Tax for the year ended 31 December 2022, if approved, will be paid on 14 July 2023 to depositors registered in the Records of Depositors on 30 June 2023:-

A Depositor shall qualify for entitlement to the Dividend in respect of: -

- a) securities transferred into the Depositor's Securities Account before 4.30 p.m. on 30 June 2023 in respect of transfers;
- b) securities deposited into the Depositor's Securities Account before 12.30 p.m. in respect of securities exempted from mandatory deposit; and
- c) securities bought on Bursa Malaysia Securities Berhad ("**Bursa Securities**") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board,

HOW WEE LING (MAICSA 7033850) / SSM PC No.: 202008000869  
OOI EAN HOON (MAICSA 7057078) / SSM PC No.: 202008000734  
Secretaries

Penang

Date : 28 April 2023

# PROXY FORM

No. of ordinary shares held	CDS Account No.
Contact No.	Email Address

\*I/We, \_\_\_\_\_ (NRIC/Passport No. \_\_\_\_\_)  
of \_\_\_\_\_

being a Member of VITROX CORPORATION BERHAD hereby appoint (Please tick (✓) whichever is applicable):

☐ The following proxy(ies):-

Name	NRIC / Passport No.	Address	Proportions of my/our holdings to be represented (%)
(1)			
<b>AND * / OR FAILING HIM*,</b>			
(2)			
Total...			100.0%

In case of a vote by show of hands, Proxy 1\*/Proxy 2\* shall vote on our behalf.

**AND \* / OR FAILING HIM\*,**

☐ Chairman of the Meeting

as \*my/our proxy(ies), to vote for \*me/us on \*my/our behalf at the 19<sup>th</sup> Annual General Meeting ("19<sup>th</sup> AGM") of the Company to be held at Auditorium of ViTrox Campus 2.0, 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang on Wednesday, 21 June 2023 at 10.00 a.m. and at any adjournment thereof as indicated below:-

\* Strike out whichever is inapplicable

(Please indicate with an "X" in the spaces provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

Ordinary Resolutions		For	Against
1.	To declare a Final Dividend of 4.15 sen per share exempt from Income Tax for the year ended 31 December 2022.		
2.	To approve the payment of Directors' Fee of RM19,800 to Emelia Binti Matrahah for the period from 1 December 2022 until 31 May 2023.		
3.	To approve the payment of Directors' Fee of RM19,800 to Dato' Prof. Dr. See Ching Mey for the period from 1 December 2022 until 31 May 2023.		
4.	To approve an increase of the Directors' Fee from RM158,400 to RM237,600 for the period from 1 June 2023 until the next Annual General Meeting ("AGM") of the Company and payment of such Fee to the Non-Executive Directors.		
	To re-elect the following directors retiring under the respective provision of the Company's Constitution, and who being eligible, offered themselves for re-election:-		
5.	Chu Jenn Weng	Paragraph 102 (1)	
6.	Yeoh Shih Hoong	Paragraph 102 (1)	
7.	Mary Yeo Chew Yen	Paragraph 102 (1)	
8.	Emelia Binti Matrahah	Paragraph 107 (2)	
9.	Dato' Prof. Dr. See Ching Mey	Paragraph 107 (2)	
10.	To approve the benefits payable (excluding Directors' Fees) to Emelia Binti Matrahah, an Independent Director up to an amount of RM11,000 from 1 December 2022 until 31 May 2023.		
11.	To approve the benefits payable (excluding Directors' Fees) to Dato' Prof. Dr. See Ching Mey, an Independent Director up to an amount of RM10,000 from 1 December 2022 until 31 May 2023.		
12.	To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM220,000 from 1 June 2023 until the next AGM of the Company.		
13.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	<u>Special Business</u>		
14.	To approve the resolution pursuant to Authority to Issue Shares.		
15.	To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares.		

Signed this on \_\_\_\_\_ day of \_\_\_\_\_, 2023. Signature/Common Seal of Member: \_\_\_\_\_

## Proxy

- For the purpose of determining a member who shall be entitled to attend and vote at the 19<sup>th</sup> AGM, the Company shall be requesting the Record of Depositors as at 12 June 2023. Only a depositor whose name appears on the Record of Depositors as at 12 June 2023 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
- A member may appoint up to two (2) proxies in relation to the 19<sup>th</sup> AGM, provided that he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
- The instrument appointing a proxy shall be deposited to Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to [info@sshsb.com.my](mailto:info@sshsb.com.my), not less than 48 hours before the time for holding the 19<sup>th</sup> AGM or any adjournment thereof i.e. by Monday, 19 June 2023 at 10.00 a.m.



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STAMP

Share Registrar

**ViTrox Corporation Berhad**

Registration No. 200401011463 (649966-K)

Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur, Wilayah Persekutuan.

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**ViTrox Corporation Berhad** 200401011463 (649966-K)

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Tel : 604 545 9988  
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**ViTrox Vision Lab**

Ground Floor, Faculty of Computing and Informatics,  
Multimedia University,  
63100 Cyberjaya, Selangor.

**China Division**

ViTrox Technologies (Suzhou) Co., Ltd.  
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**ViTrox Americas Inc.**

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**[www.vitrox.com](http://www.vitrox.com)**



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