Mesiniaga

BUILDING VALUE FOR A GREATER TOMORROW

ANNUAL REPORT 2022

WHAT'S INSIDE

41ST ANNUAL GENERAL MEETING

Thursday, 8 June 2023

2.30 p.m.

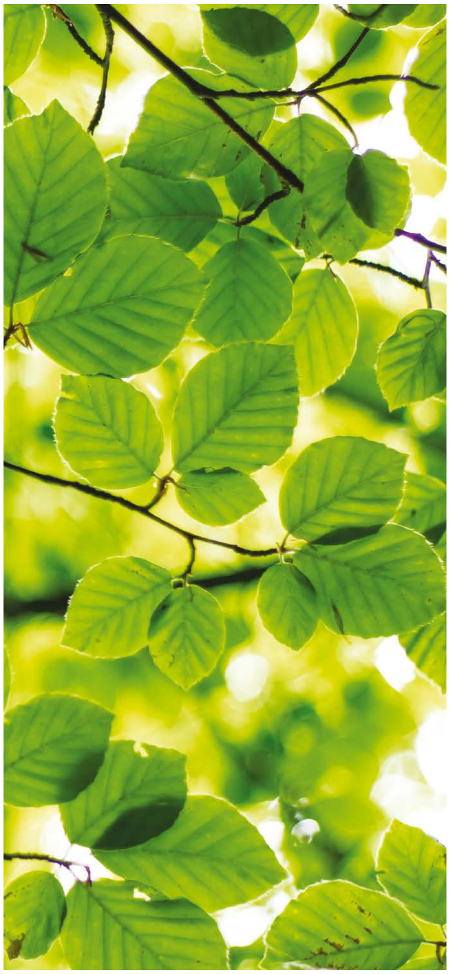
Auditorium Ismail Sulaiman
Menara Mesiniaga
1A, Jalan SS16/1
47500 Subang Jaya
Selangor Darul Ehsan

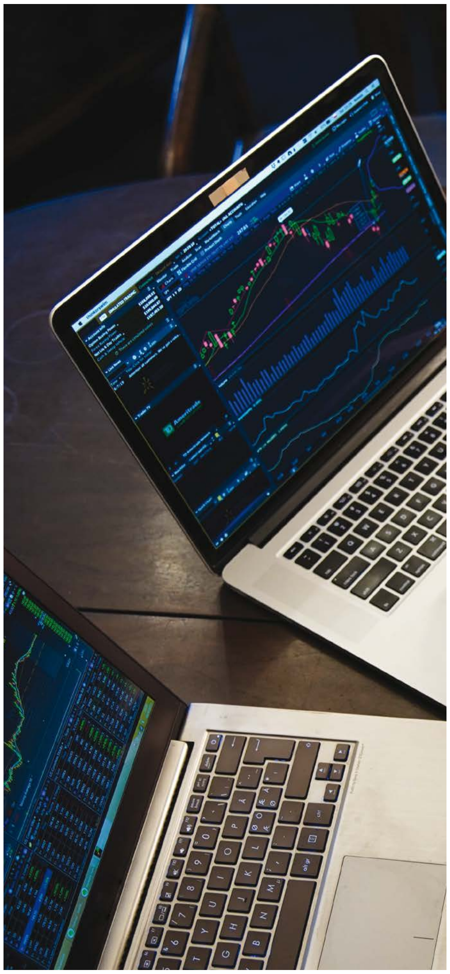
Scan this QR Code to download our Annual Report 2022

To contact us, please refer to page 06 under Registered Office information

OVERVIEW

PERFORMANCE





GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

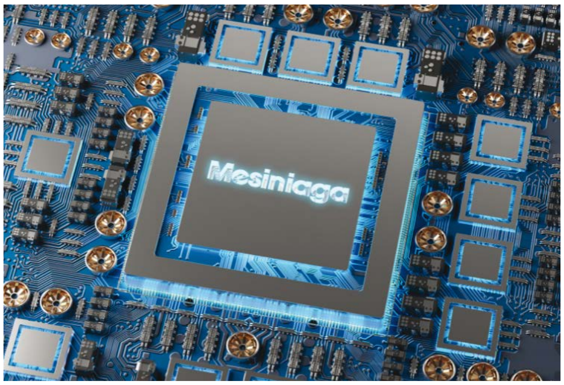
Facts at a Glance

NORTHERN REGION

- Perlis
- Alor Setar
- Sungai Petani
- Ipoh
- Pulau Pinang
- Seberang Prai
- Taiping

SOUTHERN REGION

- Seremban
- Batu Pahat
- Johor Bahru
- Melaka
- Muar



EAST COAST

- Kota Bharu
- Kuala Terengganu
- Kuantan
- Temerloh

SABAH

- Beaufort
- Kota Kinabalu
- Lahad Datu
- Sandakan
- Tawau
- Labuan

CENTRAL REGION

- Subang Jaya

SARAWAK

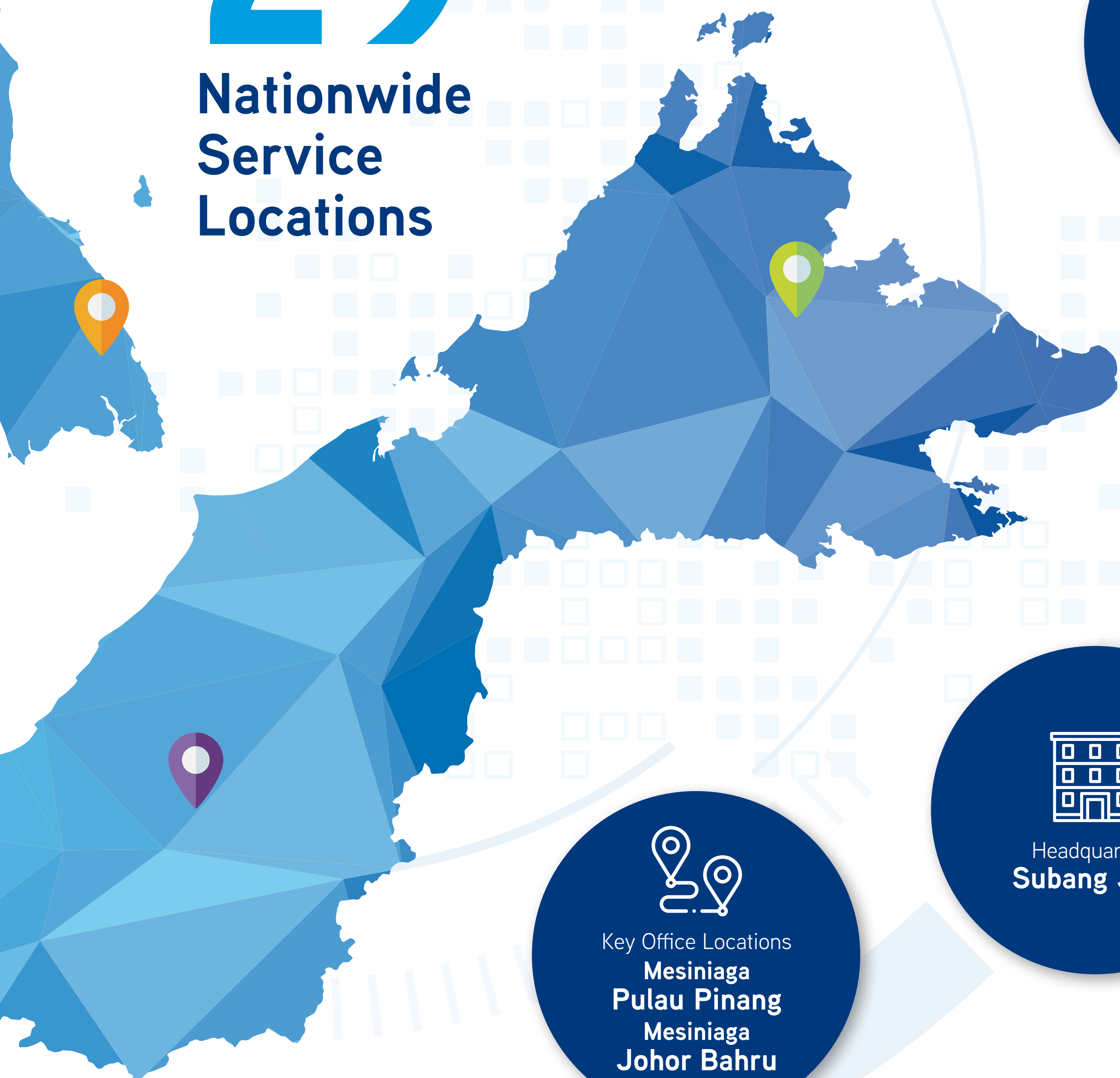
- Bintulu
- Kuching
- Miri
- Sibu
- Sri Aman
- Limbang

Facts at a Glance

Incorporated on
17 December 1981

Staff strength of
1,100 employees
(as of 31 December 2022)

29
Nationwide Service Locations



Listed on Bursa Malaysia Securities Berhad (Main Market) on
17 November 1999

Paid-up Capital of
60.4 million
ordinary shares

Headquarters
Subang Jaya

Key Office Locations
Mesiniaga
Pulau Pinang
Mesiniaga
Johor Bahru

Corporate Profile

Mesiniaga has been in the technology business for more than four decades. We started as a company selling IBM office products and have evolved into a multi-platform business solutions provider with a paid-up capital of 60.4 million ordinary shares.

Within the last 41 years, the technology landscape has changed tremendously. New trends have emerged resulting in changes in how companies do business. Across the board, companies are constantly looking for solutions that will give them an edge over their competitors. As such, we are continually striving for ways to provide our customers with an experience that will allow them to achieve their business objectives.

This is why we have made it our Mission to Help Customers Succeed, by delivering technology and business solutions to improve customers' business efficiency, productivity and competitive edge, as well as to create new business opportunities for them. We must understand their business needs, environment and challenges to fulfil our mission. This is achieved through close engagement with customers, applying industry best practices and maintaining a business-oriented approach.

Another vital element in enhancing customer experience is through managing customer satisfaction. Hence, we have implemented multiple initiatives to improve service delivery and our understanding of customer needs. Our people are already acknowledged as having superior technical skills, mainly because we encourage them to pursue or upgrade their professional certifications. They undergo considerable soft skills training sessions to improve their understanding of customer requirements and how best to meet them. The end objective of these initiatives is to give our customers full confidence to deal with Mesiniaga.

The strategies implemented to drive customer business performance and enhance customer satisfaction will ultimately translate into improving our business performance. This will allow us to reward our shareholders for their faith in us. To fulfil this promise, we have commited to improving our productivity yield. We are now a group of 1,100 employees. We have invested significantly in developing measurements of our resource utilisation because all our resources must be employed to their optimum potential.

All of these efforts are undertaken to ensure that Mesiniaga remains a force to be reckoned with in the IT industry.

OUR VISION

To be the Malaysian IT Partner of Choice

OUR MISSION

Helping Customers Succeed

Corporate Profile

LEADING PARTNERSHIP STATUS

- Dell EMC Platinum Partner
- IBM Gold Partner
- Microsoft Gold Partner for Messaging, Application Integration, Data Analytics, Cloud Productivity

  Microsoft Silver Partner for Application Development, Collaboration and Content, Cloud Platform, Small & Midmarket Cloud Solutions, Windows & Devices and Security
- Cisco Gold Partner
- Broadcom Symantec Partner
- Juniper Elite Partner
- Trend Micro Bronze Partner
- VMWare Advanced Data Centre Partner
- Oracle Partner
- HP Inc. Authorised Reseller Partner
- HPE Silver Partner
- HPE Aruba Silver Partner
- Huawei Gold Partner
- Commvault Premier Partner
- Lenovo PCG Gold Partner
- Lenovo Infrastructure Solutions Silver Partner
- Veritas Gold Partner
- Procera Networks Inc. Authorised Partner
- Nutanix Enrolled Partner
- Fortinet Select, MSSP Partner
- F5 Networks Authorised Partner
- Dynatrace Authorised Partner
- Red Hat Ready Partner
- Veeam Silver Value-Added Reseller Partner
- Trellix Partner

VALUES

RESPECT
Good conduct towards people, roles, procedures and processes

INTEGRITY
Positive virtues with strong business ethics and professionalism

COMMITMENT
Dedicated to keep our promises to our customers

INNOVATION
Relevant and differentiated products and services in the market

TEAMWORK
Leveraging on our multiple skills and strengths to complement one another as a team

Corporate Information

BOARD OF DIRECTORS

DATUK WAN MOHAMED FUSIL
Executive Chairman

VOON SENG CHUAN
Independent
Non-Executive Director

FATHIL ISMAIL
Non-Independent
Non-Executive Director

SIM HONG KEE
Independent
Non-Executive Director

DATUK NOOR AZIAN SHAARI
Independent
Non-Executive Director

DATO' DARAWATI HUSSAIN
Non-Independent
Non-Executive Director

ZAIM HUSNI OMAR
Non-Independent
Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Voon Seng Chuan (Chairperson)

Fathil Ismail

Sim Hong Kee

AUDIT AND RISK MANAGEMENT COMMITTEE

Sim Hong Kee (Chairperson)

Datuk Noor Azian Shaari

Dato' Darawati Hussain

INVESTMENT COMMITTEE

Dato' Darawati Hussain (Chairperson)

Voon Seng Chuan

Fathil Ismail

COMPANY SECRETARY

Jasni Abdul Jalil (MACS 01359)

COMPANY REGISTRATION NUMBER

198101013112 (79244-V)

REGISTERED OFFICE

11th Floor, Menara Mesiniaga
1A, Jalan SS16/1
47500 Subang Jaya
Selangor Darul Ehsan
Tel : 03-5635 8828
Fax : 03-5636 3838

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF1146)
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

PRINCIPAL BANKERS

Maybank Islamic Berhad

Standard Chartered Saadiq Berhad

Citibank Berhad

Bank Islam Malaysia Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670

STOCK EXCHANGE LISTING

Listed on Main Market of
Bursa Malaysia Securities Berhad
Listing Date : 17 November 1999
Stock Code : 5011
Stock Name : MSNIAGA
Stock Sector : Technology

Corporate Structure

100%

MESINIAGA ALLIANCES SDN. BHD.
Provision of strategic information technology outsourcing services

100%

MESINIAGA DIGITAL SDN. BHD.
Provision of design, development and implementation of business solutions and product development

51%

VA DYNAMICS SDN. BHD.
Sales of networking cables and related products

Mesiniaga

100%

MESINIAGA MSC SDN. BHD.
Dormant

100%

MESINIAGA SERVICES SDN. BHD.
Dormant

100%

MESINIAGA MOBILITY SDN. BHD.
Dormant

Management Discussion and Analysis

Dear Esteemed Shareholders,

Mesiniaga had a successful year in 2022, despite the challenging environment. We continued to uphold our core values of Respect, Integrity, Commitment, Innovation, and Teamwork in pursuit of our mission to assist our customers in achieving their goals.

Throughout the year, we focused on securing new projects, improving delivery efficiencies, and developing innovative products to meet the needs of our customers. We prioritised the growth and development of our employees. We are proud to present the highlights of Mesiniaga's business and financial performance for 2022.

Datuk Wan Mohamed Fusil
Executive Chairman

Management Discussion and Analysis

Group Revenue
RM293 million
FYE 2021: RM240 million

Profit After Tax
RM6.7 million
FYE 2021: RM5.5 million

Net Current Assets
RM78 million
FYE 2021: RM76 million

OUR BUSINESS

Mesiniaga is a well-established Malaysian Information Technology (IT) company with over 40 years of proven track record. It offers a range of best-in-class products and services, including customised end-to-end IT solutions. Our team of engineers is strategically located nationwide to provide technical support post-project implementation. To help our customers focus on their core businesses, we offer IT outsourcing services, ranging from total IT operations to cloud management and security services.

Our customer base includes government, telecommunications, and enterprise sectors. We work with Government-Linked Corporations (GLCs) and financial services organisations in the enterprise sector. In the telecommunications sector, we are involved in the strategic development and support of core network infrastructures for some of the largest telecommunications companies in Malaysia, in line with the National Broadband Initiative. We have a branch office in Penang, which serves the manufacturing, education, and government sectors in the northern states of Perak, Kedah, and Perlis.

OUR BUSINESS STRATEGY

As the IT industry advances, IT infrastructure and support implementation have become more streamlined and commoditised, leading to increased competition from new players and pressure on pricing, resulting in lower profit margins.

Recognising this trend and its impact on Mesiniaga's profit margin over the past five years, the Group has decided to pivot its business strategy to focus on segments with higher value and margins. This new strategy will be implemented through a 5-year plan to achieve a yield of 13% to 15% of Total Equity.

There are three thrusts in the strategy:

i. **Productivity improvement**
Mesiniaga has diligently managed its operating expenses, balancing frugality and recognising that sustainable performance requires operational excellence through investment to increase efficiency, effectiveness and waste reduction. To achieve this, the Group has identified two key productivity improvement agendas: speed and automation. The focus on speed aims to find ways to complete tasks faster and more consistently, while automation involves reducing manual tasks through tools.

ii. **Expand current services and recurring businesses**
Our services-oriented business generates a higher gross profit margin than our hardware and software businesses. These businesses contribute 20% of total revenue and are mostly recurring. To continue our growth, one of our key strategies is investing in marketing and sales force to expand our market reach.

iii. **Invest in new business**
As IT technology trends and customer business requirements continue to evolve, it is crucial for solutions to adapt to remain relevant and sustainable. Recognising this, Mesiniaga is exploring new business ventures, not only through internal development but also through merger and acquisition activities. The Group has created an investment strategy that guides us in identifying and evaluating potential investment opportunities.

Management Discussion and Analysis

OUR PRODUCT INNOVATIONS

MyMOMS

In recent years, Malaysia's healthcare industry has been integrating digital technologies to improve patient care and increase efficiency. This includes using electronic medical records, telemedicine, and mobile health apps. The government has been promoting the adoption of digital technologies in the healthcare sector through the Health Strategic Plan 2021-2025 and the National eHealth Strategic Framework, which is currently being implemented.

MyMOMS is a digital healthcare solution offered by Mesiniaga to assist the Ministry of Health Malaysia in digitising the healthcare system. The system is tailored to comply with the latest Ministry of Health protocols for antenatal care and reporting needs. Besides clinical benefits, MyMOMS offers administrative advantages. It can help healthcare providers with appointment scheduling, billing, and insurance claims. The system includes a patient portal, which allows patients to access their medical information and communicate with their healthcare providers online.

FINANCIAL AND OPERATIONAL PERFORMANCE

Mesiniaga has demonstrated its ability to maintain profitability under challenging business conditions by achieving a Profit After Tax of RM6.7 million for 2022 compared to the Profit After Tax of RM5.5 million for 2021. The Group has a sound balance sheet and a healthy net cash position.

Mesiniaga achieved this result through resilience and a laser-eyed focus on its core businesses. Specific activities that were implemented include:

i. Rigorous and aggressive sales and go-to-market efforts
ii. Efficient and timely delivery of all projects within budget
iii. Effective Procurement and Supply Chain Management
iv. Excess and waste elimination
v. Maximised use of resources

Mesiniaga plans to build on its momentum and accelerate progress. Despite being aware of the Malaysian and global economic situation, our plans and strategy are designed to ensure we are well-positioned to benefit as economies improve. In the meantime, we remain focused on our core values, which include service excellence, helping customers succeed, and improving operational efficiencies.

During the year, Mesiniaga secured several significant projects that will benefit the Group in future years. These include the Corporate Registry System (CRS) for Suruhanjaya Syarikat Malaysia (SSM), and Maintenance Agreement for Malaysian Investment Development Authority (MIDA), and Jabatan Kastam Diraja Malaysia.

Management Discussion and Analysis

BUSINESS RISKS AND MITIGATION MEASURES

The COVID-19 endemic has led to an increase in digital transformation and the use of information technology. However, it also increases security risks when doing business in a digital environment. Mesiniaga is not immune to these risks and has taken steps to mitigate them. The Group's mitigation plan includes installing adequate security tools and systems, initiating and intensifying employee awareness and training programs, and conducting regular Security Posture Assessments yearly. These measures aim to reduce the likelihood of a cyber-security incident and ensure the preparedness to respond if one occurs.

As the digital transformation in Malaysia accelerates, there is an increasing demand and competition for a talented IT workforce, which poses a risk to the delivery and quality of projects. Mesiniaga has implemented Talent Programs that include specific professional training and coaching to address this issue. These programs aim to build a robust and skilled workforce that can meet the growing demand for IT expertise and help ensure that the Group can deliver high-quality projects on time.

The increased competition from local and international IT companies in the Malaysian market has impacted Mesiniaga's market share, resulting in some of its existing accounts being lost to multinational companies. To address this challenge, re-evaluation and re-emphasis have been made towards the Product Differentiator Initiatives.

A new Mobile Services Strategy has been developed to better compete with these more prominent players in the market. This strategy aims to differentiate the Group's offerings and services to make them more attractive to customers, thereby assisting with new business retention and winning in a crowded market.

Mesiniaga has stepped up its focus towards providing cloud migration services to the private sector. We have started offering cloud-based solutions that can be easily implemented and integrated into existing infrastructure, making it more attractive for organisations to migrate to the cloud. We have been working closely with key partners to educate and inform our customers about the benefits of cloud migration and how it can help them achieve their digital transformation goals. Our efforts will allow us to maintain steady growth in our Cloud Computing Services business in the coming years.

To address the slow adoption of cloud migration by government sectors, Mesiniaga has taken steps to raise awareness of the benefits of cloud computing. We have focused on building relationships with key decision-makers and influencers in government sectors to better understand their needs and concerns.

Management Discussion and Analysis

PROSPECTS AND OUTLOOK

Mesiniaga has seen increased demand for our managed security services, including threat detection and response, firewall management, and security incident management. We have stepped up our efforts to enlighten our customers on the importance of cybersecurity and the measures they can take to protect their data. We have invested in new security technologies and formed strategic partnerships with leading security vendors to strengthen our capabilities in this area further. We expect this trend to continue and anticipate that our managed security services will be a crucial growth driver for the Group in the coming years.

The current market trends for IT services include an increase in digital transformation and cloud migration, a focus on cybersecurity and managed security services. Mesiniaga is well-positioned to take advantage of these trends by offering a range of services, such as software development, mobile services, cloud computing, and IT outsourcing, as well as focusing on security and employee training to mitigate risks. There are plans to grow our Managed Services business and to win new customers while creating stickiness to the existing ones. The Group looks to capitalise on the demand for IT support through shared services, leveraging its infrastructure and expertise to help Malaysian businesses.

Mesiniaga is in a good position to take advantage of these outsourcing and managed services trends. The IT Support & Services department has developed strategies to cater to new and existing clients. It is well-equipped to support companies looking to consolidate their IT units into a single shared service provider arm. Mesiniaga's offerings in Cloud Computing Services and Cybersecurity help to meet the growing demand for these services in the market.

We can provide in-house staff nationwide, which allows us to meet Service Level Agreements, provide accountability and ensure prompt response time in providing support for remote locations. This vital aspect differentiates us from other service providers who rely on third-party companies to support remote areas. Our past experiences with customers such as the National Registration Department, the Immigration Department of Malaysia, the Malaysian Prison Department, the Royal Malaysian Customs Department, Telekom Malaysia, and the Royal Malaysia Police are undisputable testimonies to our ability to provide high-quality services even for remote locations. This will be essential for customers looking for a reliable service provider to meet their nationwide support needs.

In summary, Mesiniaga's business strategy is to focus on meeting customers' changing needs in the IT market by providing high-quality products and services, focusing on continuous improvement and innovation, and building solid relationships with our customers. Our ability to meet customer needs, coupled with nationwide support, positions us well to take advantage of the growing trend of outsourcing and shared services in the Malaysian market, allowing us to grow our business and maintain our market share.

We will continue to focus on our core competencies and strategic growth areas namely managed services, cloud computing, and security, to stay ahead of market trends and meet the evolving needs of our customers. We will invest in our people, technology and infrastructure to ensure that we have the capabilities to deliver our services to customers effectively.

ACKNOWLEDGEMENTS

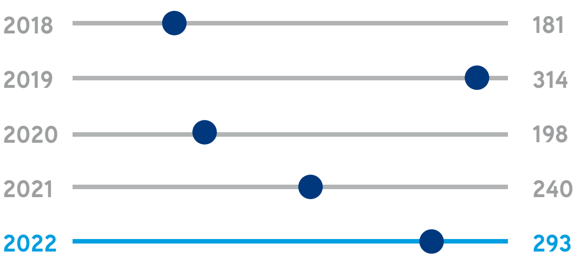
I express my deepest gratitude to the talented and motivated workforce at Mesiniaga for their contributions to the Group's success. Our management team and employees have been instrumental in helping us achieve our goals, and I am grateful for their dedication and commitment. I also want to thank my fellow board members for their invaluable expertise and advice, which have helped ensure the continued success of Mesiniaga. I am grateful to our valued customers and business partners for their unwavering support and confidence. Last but not least, I would like to thank our shareholders for their faith and trust in us as we move forward and take on new opportunities and challenges.

Thank you.

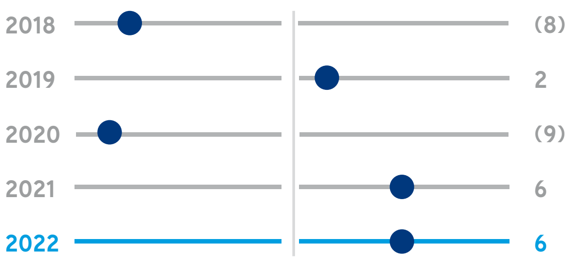
Datuk Wan Mohamed Fusil
Executive Chairman

Five-Year Performance Statistics

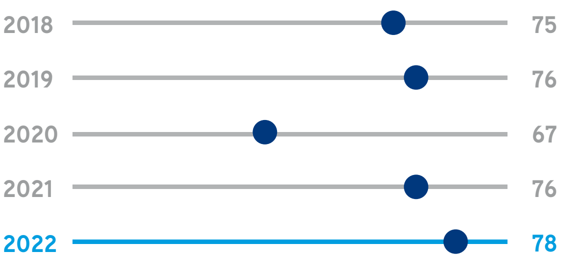
Revenue (RM Million)
RM293



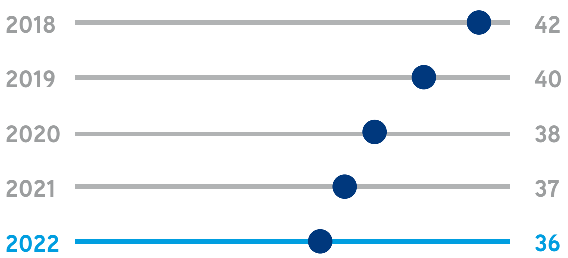
Profit Before Tax (RM Million)
RM6



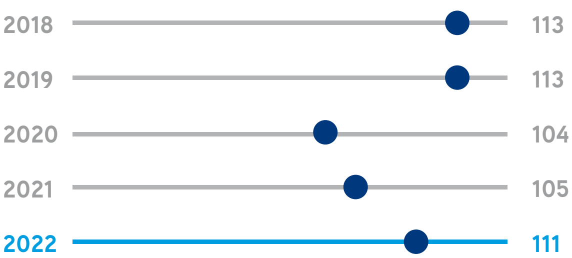
Net Current Assets (RM Million)
RM78



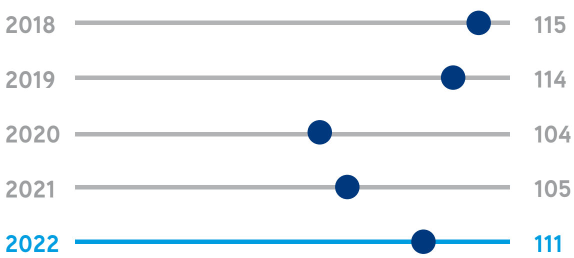
Fixed Assets (RM Million)
RM36



Net Tangible Assets (RM Million)
RM111

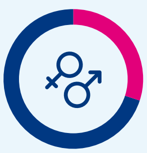


Shareholders' Equity (RM Million)
RM111



Board of Directors

Board Statistics



GENDER

70% Male

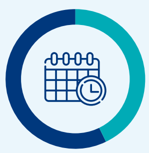
30% Female

AGE

29% 50-55

14% 56-60

57% 61 above



TENURE

43% 7 years above

57% 0-6 years

Board of Directors

DATUK WAN MOHAMED FUSIL (DMSM)

Executive Chairman

Datuk Wan Mohamed Fusil was appointed to the Board on 17 December 1981 as part of the team who founded the Company. He was elected Chairman of the Board on 14 June 2007. Datuk Wan Mohamed Fusil was reappointed as the Chief Executive Officer of Mesiniaga on 25 February 2016 after retiring from the position in 2007.

Before joining Mesiniaga, Datuk Wan Mohamed Fusil was with IBM Malaysia. During his tenure with IBM Malaysia, he served in various managerial positions. This included serving as Country Manager - Information Products Division.

Datuk Wan Mohamed Fusil is one of the first serving Board Members of Multimedia Development Corporation (MDEC). He is also one of the founding members of the Association of Computer and Multimedia Industry Malaysia (PIKOM). He held several positions in PIKOM, including serving as Deputy Chairman (1989-1991) and Chairman (1991/1992). Datuk Wan Mohamed Fusil graduated with a Diploma in Accountancy from ITM (now known as UiTM).

AGE
72

GENDER
Male

NATIONALITY
Malaysian

BOARD COMMITTEE
NIL

6/6 NUMBER OF BOARD MEETINGS ATTENDED

Board of Directors

AGE
64

GENDER
Male

NATIONALITY
Malaysian

BOARD COMMITTEE
Nomination and Remuneration Committee, Investment Committee

6/6 NUMBER OF BOARD MEETINGS ATTENDED

VOON SENG CHUAN

Independent Non-Executive Director

Voon Seng Chuan was appointed to the Board as a Non-Independent Non-Executive Director on 24 October 2000. On 1 April 2013, he was re-designated as an Independent Non-Executive Director. He is currently the Chairman of Ambank (M) Berhad and sits on the Board of AMMB Holdings Berhad and Board of Trustee of CVSKL Foundation.

Since 1983, Voon had served IBM in various capacities, starting with his first appointment as Marketing Representative. Since then, he held several key local and regional positions such as Country Brand Manager, General Manager for Channels Management, IBM ASEAN/South Asia and Vice President for Business Partners, Sales and Marketing for IBM Asia Pacific. In January 2000, he became Managing Director of IBM Malaysia and Brunei. After which, he was assigned to IBM Asia Pacific headquarters to handle their headquarters organisation restructuring. His last role before retiring in 2010 was as Director for Mid-Market for Asia Pacific.

He was also a Council Member of PIKOM (National ICT Association of Malaysia) in 1994-1995 and 1999-2000. In 2013, Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. Voon holds a Bachelor of Science (Honours) degree in Mathematics from Universiti Malaya.

Board of Directors

FATHIL ISMAIL

Non-Independent Non-Executive Director

Fathil Ismail was appointed to the Board on 1 June 2002. Between 2008 and 2013, he helmed the Company as Managing Director.

Beginning 1 January 2014, he continues to sit on the Board as a Non-Independent Non-Executive Director. An accountant by training, Fathil served with Ernst & Young and subsequently with the Corporate Finance Department of Arab Malaysian Merchant Bank before pursuing private enterprise.

He was a founding partner and the Managing Director of Genesis Healthcare for six years until late 2001. Fathil is an alumnus of Malay College Kuala Kangsar and graduated from the Association of Chartered Certified Accountants (ACCA).

AGE
58

GENDER
Male

NATIONALITY
Malaysian

BOARD COMMITTEE
Nomination and Remuneration Committee, Investment Committee

6/6 NUMBER OF BOARD MEETINGS ATTENDED

Board of Directors

SIM HONG KEE (C.A. (M), CPA(M), ICDM)

Independent Non-Executive Director

Sim Hong Kee was appointed to the Board on 1 May 2018. He is also the Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.

AGE
67

GENDER
Male

NATIONALITY
Malaysian

BOARD COMMITTEE
Audit and Risk Management Committee, Nomination and Remuneration Committee

6/6 NUMBER OF BOARD MEETINGS ATTENDED

He began his career under a 4-year articleship with a public accounting firm during before joining IBM Malaysia where, over a period of about 31 years, he held various senior local and regional leadership positions in the areas of financial planning; pricing; treasury operations; real estate strategy; taxation; legal; business controls; joint venture evaluation and formation; leasing operations; accounting, sales and credit control.

Some of the senior positions he held in IBM include: Executive Assistant of Asia Pacific Chief Financial Officer; Chief Financial Officer; Country Marketing Operations Manager; ASEAN/South Asia Y2K Executive to lead the successful Y2K transition for all customers and IBM operation; Senior Manager for Key Accounts; ASEAN/South Asia Regional Project Management Office Leader for the divestment of IBM's PC and Printer businesses and Senior Manager of Credit Centre of Excellence for the Asia Pacific, South Korea, Japan and India. He retired from IBM in 2015. In between his time in IBM, he was the Chief Financial Officer cum Human Resource Director of Oracle Malaysia from 1995 to 1997.

Post retirement, he was the Senior Advisor of Business Process and Internal Audit at a prominent local private equity company: Creador Sdn. Bhd from May 2016 to April 2022. He is an Independent Non-Executive Director of Hong Leong Assurance Bhd, Tricor Trustco (Labuan) Ltd and Corporate Advisor of Tricor Corporate Services Sdn. Bhd. He has attended the Harvard Business School's Senior Management Development Program and the IBM Asia Pacific Advanced Management School. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA); the Malaysian Institute of Accountants (MIA) as well as the Institute of Corporate Directors Malaysia (ICDM).

Board of Directors

DATUK NOOR AZIAN SHAARI

(PMW, JSM, KMN)

Independent Non-Executive Director

Datuk Noor Azian was appointed to the Board as an Independent Non-Executive Director on 1 July 2019.

AGE
74

GENDER
Female

NATIONALITY
Malaysian

BOARD COMMITTEE
Audit and Risk Management Committee

6/6 **NUMBER OF BOARD MEETINGS ATTENDED**

As a Director of Mesiniaga, Datuk Noor Azian is a member of the Board Audit and Risk Management Committee.

Datuk Noor Azian is a Barrister at Law. She was called to the Bar at the Honourable Society of Lincoln's Inn, London in July, 1971.

Upon her return to Malaysia she joined the Judicial and Legal Service in November, 1971. Whilst in the said service she held various positions amongst them Magistrate, President Sessions Court, Senior Assistant Registrar High Court Malaya, Treasury Solicitor, Official Assignee Malaysia, Deputy Parliamentary Draftsman, Deputy Head of Civil Division, Chairman of the Special Commissioners for Income Tax and Chairman of Tribunal for Consumer Claims.

In September 2005, Datuk Noor Azian was appointed as a Judge of the High Court Malaya. As a High Court Judge she presided over Criminal, Civil and Commercial cases. She retired in July 2014.

In 1984, Datuk Noor Azian was admitted as an Advocate & Solicitor of the High Court Malaya.

Datuk Noor Azian is also a Registered Arbitrator of the Asian International Arbitration Centre (AIAC) Kuala Lumpur.

Datuk Noor Azian was an:

1. Independent Non-Executive Director of Deleum Berhad from January 2015 until she resigned on 1 April 2022; and
2. Independent Non-Executive Director of Affin Hwang Investment Bank Berhad from 4 October 2016 for a two-term period of 3 years each until 3 October 2022. From 28 April 2021 until 9 May 2022, she was the Interim Chairman of the Bank.

Board of Directors

DATO' DARAWATI HUSSAIN (DIMP)

Non-Independent Non-Executive Director

Dato' Darawati Hussain was appointed to the Board as a Non-Independent Non-Executive Director on 11 September 2020.

AGE
53

GENDER
Female

NATIONALITY
Malaysian

BOARD COMMITTEE
Audit and Risk Management Committee, Investment Committee

6/6 **NUMBER OF BOARD MEETINGS ATTENDED**

She also serves as an Independent Board Member of Malaysia Venture Capital Management Bhd, an Independent Director of several of RHB Group's Asset Management subsidiaries, a member of the Audit Oversight Board under the purview of the Securities Commission (SC) and other private limited companies.

Dato' Darawati was formerly a Director, Fund and Co-Investor Relations under the Group Strategy and Strategic Investments Division, CIMB Group (Malaysia). She was the former Chairperson of Malaysia Venture Capital and Private Equity Association and committee member of Malaysia Venture Capital Development Corporation under the SC.

She has over 30 years of experience in corporate finance, asset management and private equity. She was a European equities portfolio manager for a UK based fund management company with assets under management worth USD70 billion.

She holds a Bachelor in Economics and Accountancy from Durham University, UK and a Master in Business Administration from the London Business School, UK. She is also a Chartered Financial Analyst.

Board of Directors

ZAIM HUSNI OMAR

Non-Independent Non-Executive Director

Zaim Husni Omar was appointed to the Board as a Non-Independent Non-Executive Director on 16 April 2021.

AGE
52

GENDER
Male

NATIONALITY
Malaysian

BOARD COMMITTEE
NIL

6/6 NUMBER OF BOARD MEETINGS ATTENDED

He started his career with Permodalan Nasional Berhad in 1995 where he stayed in service for 13 years. His career expanded across various strategic and corporate planning positions after his tenure with PNB. Among the positions he held were Head of Corporate Strategy and Investment for MARA Incorporated Sdn. Bhd., Head Group Strategic Planning for Bank Pembangunan Malaysia Berhad and Senior General Manager, Strategic Planning and Investment for MTD Capital Berhad. He is currently the Head of Corporate Affairs at Dayang Enterprise Holdings Berhad.

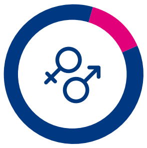
Zaim has acquired 25 years of invaluable working experience in complex business restructuring and re-organisation. These include financial and treasury management, business development, as well as, corporate and project financing initiatives. He has vast experience in supply value chain for numerous business sectors such as asset and fund management, healthcare, construction, and waste management sectors. He holds a Bachelor in Business Administration (Finance) and a Master in Business Administration (MBA) majoring in Finance and Investment from International Islamic University Malaysia. He also holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia and an Executive Diploma in Investment Analysis from MARA University of Technology (UiTM).

None of the Board Members have relationships among each other or with any of the substantial shareholders of the Company except for Fathil Ismail who has a kin relationship with Safiah Ismail, a substantial shareholder of the Company. They also do not have any conflict of interest with the Company as well as were never convicted of anything other than traffic offences within the past ten (10) years. Other than the Directorship positions held by Voon Seng Chuan and Dato' Darawati in other public companies as stated in their profiles, all of the Directors do not hold any directorship positions in any public listed companies other than Mesiniaga Berhad.

Senior Leadership Team

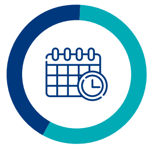
Mesiniaga continues to be led by an active, engaged and experienced Senior Leadership Team. The Company strives to ensure it has an appropriate mix of diversity, skills and experience to discharge its responsibilities effectively.

Our Statistics



GENDER
80% Male
20% Female

AGE
80% 56-60
20% 61 above



TENURE
60% 7 years above
40% 0-6 years

None of the Senior Leadership Team have relationships among each other or with any of the substantial shareholders of the Company. They also do not have any conflict of interest with the Company as well as were never convicted of anything other than traffic offences within the past ten (10) years. All of the Senior Leadership Team do not hold any directorship positions in any public listed companies.

DATUK WAN MOHAMED FUSIL

Executive Chairman and Chief Executive Officer

72 | Male | Malaysian

Refer to Board of Director's Profile on page 15.

ARIFFIN ABD MAJID

Chief Financial Officer

59 | Male | Malaysian

Ariffin Abd Majid joined the Company in February 2017. As the Chief Financial Officer, he is responsible for the overall Company's corporate and financial affairs. Ariffin worked as an external auditor in Cooper Lancaster Brewers, Chartered Accountants in the UK prior to joining Petronas in 1992. Subsequently, he joined Business Focus Group as the Group Financial Controller and later joined Boustead Group as the Senior General Manager.

His last position before joining Mesiniaga was as the Chief Executive Officer of Dominion Defence Industries Sdn. Bhd., a subsidiary of Boustead. Ariffin is an alumnus of Malay College Kuala Kangsar and graduated from the Association of Chartered Certified Accountants (ACCA).

Senior Leadership Team

NORDIN MAT ISA

Director of Products and Services

57 | Male | Malaysian

Nordin Mat Isa joined the Company in 2008 as the Head of Public Sector Business and subsequently as Director of Sales, Public Sector and Telco Business after he had successfully led his team to expand the scope of public sector sales. In March 2017, he was further entrusted with a new portfolio as the Director of Products and Services to drive product-to-market strategies, lead initiatives around keeping promises to customers and create differentiation in our product and service offerings.

Prior to joining the Company, he was the Head of Public Sector Sales in Hewlett Packard Malaysia Sdn. Bhd. Nordin has had 20 years of experience in the corporate world and graduated with a Bachelor's Degree in Computer Science, Mathematics and Statistics from Australian National University.

WONG KENG HOE

Director of Sales

57 | Male | Malaysian

Wong Keng Hoe was appointed as the Director of Sales for Mesiniaga in February 2018. His career began in Mesiniaga in 1990 when he was appointed as Information Systems Trainee. He proved his mettle by rising up the ranks to various managerial positions. He became a Manager for the Network Services Unit in 1996 and was subsequently made Senior Manager in the year 2000. Two years later, Wong took on the post of General Manager for Network Services and Project Management. In February 2008, Wong became Director of Project Management and Solutions Marketing. Wong graduated with a Bachelor in Computer Science from Universiti Sains Malaysia.

PATRICIA CHAN FONG MUI

Director of Corporate Strategy and Planning

58 | Female | Malaysian

Patricia joined the Company in 1989 as a Trainee Programmer Analyst after graduated with a Bachelor in Computer Science with 1st Class Honour from Universiti Sains Malaysia. After nine years of serving in the Application Development Division, she took on the post of Application Development Services Manager. From then on, she has held various managerial positions including as a head for a newly formed Solutions Integration Division in 2009. In December 2010, she was promoted to General Manager in charge of an extensive portfolio comprising Solutions Integration, Internal Systems and Application Development. Beginning from 2016, she assumed the role as the General Manager for Corporate Strategy and Planning. Her responsibilities are designing business models and recommending to the Company's executives on strategic direction and initiatives. In addition, she plans the Company's yearly budget and tracks the implementation of strategic initiatives. In October 2021, she was promoted to Director, Corporate Strategy and Planning, with the promotion, she was appointed as the special assistant to CEO, assisting CEO in business operations.

Media Appearances

TM WINS
10.05.2022

TheStar

Mesiniaga bags RM59.63mil job for TM cloud core data centre

CORPORATE NEWS

Tuesday, 10 May 2022 2:07 PM MYT

KUALA LUMPUR: Mesiniaga Bhd has secured a RM59.63mil contract from Telekom Malaysia Bhd for services in relation to a telco cloud core data centre.

BH Berita Harian

Mesiniaga dapat kontrak daripada TM

Mei 10, 2022 @ 4:48pm

Mesiniaga Bhd

KUALA LUMPUR: Mesiniaga Bhd, penyedia dan penyepadu penyelesaian teknologi maklumat dan komunikasi, memperoleh kontrak pusat data teras awan bernilai RM59.63 juta daripada Telekom Malaysia Bhd (TM).

"Kontrak itu adalah bagi reka bentuk, pembekalan, penyediaan, pemasangan, pengujian, pengoperasian, penyepaduan, latihan, perkhidmatan profesional dan perkhidmatan penyenggaraan dan sokongan bagi pusat data teras awan syarikat telekomunikasi," kata syarikat itu dalam makluman kepada Bursa Malaysia hari ini.

Mesiniaga berkata, kontrak itu bermula dari 1 April 2022 hingga 16 November 2024 tanpa klausa pembaharuan automatik.

Ia menjangkakan kontrak itu akan memberi sumbangan positif kepada perolehan dan aset bersih kumpulan bagi tahun kewangan berakhir 31 Disember 2022 dan seterusnya sehingga tamat tempoh kontrak.

-BERNAMA

BUSINESS TODAY

Mesiniaga Awarded RM59.6 Million Contract To Design And Deliver Telco Data Centre For TM

By Editor - May 10, 2022

Mesiniaga Berhad has been awarded an RM59.6million contract to Design, Supply, Delivery, Installation, Testing, Commissioning, Integration, Training, Professional Services, and Maintenance & Support Services of Telco Cloud Core Data Center for Telekom Malaysia.

The contract performance period is from 1 April 2022 to 16 November 2024. There is no automatic renewal clause in the Contract.

The Contract will not affect the share capital and substantial shareholders' shareholdings of the Company; however, it is expected to contribute positively to the Group's earnings and net assets for the financial year ending 31 December 2022 onwards until the expiry of the Contract.

SSM WINS
15.12.2022

BERNAMA

Mesiniaga bags RM43.62 mln contract from SSM

15/12/2022 01:52 PM

KUALA LUMPUR, Dec 15 (Bernama) -- Mesiniaga Bhd has won a contract from the Companies Commission of Malaysia (SSM) for the development, supply, implementation, training, support, warranty and maintenance of its corporate registry system.

In a filing with Bursa Malaysia, the information and communications technology solutions provider said the contract, worth RM43.62 million, would run from Jan 1, 2023, to Dec 31, 2026.

"The contract is in the ordinary course of business and is in the best interest of the company," Mesiniaga said.

It added that the contract would not affect the company's share capital and substantial shareholders' shareholdings, and is expected to contribute positively to the group's earnings and net assets for the financial years throughout the duration of the contract.

-- BERNAMA

dagangnews.com

Mesiniaga raih kontrak RM43.62 juta bangunkan sistem pendaftaran korporat SSM

KUALA LUMPUR 15 Dis - Mesiniaga Bhd. meraih kontrak bernilai RM43.62 juta daripada Suruhanjaya Syarikat Malaysia (SSM) bagi membangunkan sistem pendaftaran korporat (CRS).

Kontrak itu termasuk pembangunan, pembekalan, pelaksanaan, latihan, sokongan, waranti dan penyelenggaraan sistem berkenaan.

"Tempoh bagi kontrak ini bermula pada 1 Januari 2023 hingga 31 Disember 2026. Tiada klausa pembaharuan automatik dalam kontrak ini," katanya dalam makluman di Bursa Malaysia hari ini.

Mesiniaga menjangkakan kontrak tersebut tidak memberi kesan kepada modal terbitan dan pemegangan utama kumpulan.

"Bagaimanapun, ia dijangka menyumbang secara positif kepada hasil dan aset bersih kumpulan bagi tahun kewangan berakhir 31 Disember 2023 hingga tamat tempoh kontrak," tambahnya. - **DagangNews.com** (DagangNews.com)

THE EDGE MARKETS

Mesiniaga secures RM44m contract to develop corporate registry system

Syafiqah Salim / theedgemarkets.com
December 15, 2022 13:30 pm +08

KUALA LUMPUR (Dec 15): Mesiniaga Bhd has been awarded a RM43.62 million contract by the Companies Commission of Malaysia (SSM) for the development of the corporate registry system (CRS).

The information technology service management company said the contract includes the development, supply, implementation, training, support, warranty and maintenance of the CRS, and that this will contribute positively to its earnings and net assets from the financial year ending Dec 31, 2023.

The contract term runs from Jan 1, 2023 to Dec 31, 2026, Mesiniaga said in a bourse filing on Thursday (Dec 15).

Sustainability Statement

> The Group is committed to managing its impact on the economy, environment, and society in its operations and is aligned with the government's aspirations for sustainable development.

INTRODUCTION

In 2015, the Sustainable Development Goals (SDGs) were adopted by all United Nations Member States, including Malaysia. The SDGs are 17 goals and 169 targets that aim to promote peace and prosperity for all people and the planet. These goals are intended to serve as a shared blueprint for sustainable development and are integrated into Malaysia's 5-year national development plan and government budget.

Mesiniaga is a responsible corporate entity that supports the Environmental, Social, and Governance (ESG) agenda. The Group is committed to managing its impact on the economy, environment, and society in its operations and is aligned with the government's aspirations for sustainable development.

This Statement is guided by the amendments to Main Market Listing Requirements, Sustainability Reporting Guide (3rd Edition) and its accompanying toolkits by Bursa Malaysia Securities Berhad (Bursa Malaysia).

SUSTAINABILITY SCOPE

This Sustainability Statement covers Mesiniaga Berhad and its subsidiary companies (the Group) sustainability efforts within Malaysia from 1 January 2022 to 31 December 2022.

Sustainability Statement

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Strong leadership and commitment from the top are crucial to embed sustainability within a company. The Board of Directors and Chief Executive Officer (CEO) set the organisation's strategic direction. Committing to the sustainability agenda ensures adequate resources, systems, and processes are in place to address sustainability issues.

To ensure that sustainability initiatives are effectively monitored and implemented, Mesiniaga has established a sustainability governance structure. The ESG Committee (ESGC) is responsible for operationalising Mesiniaga's sustainability agenda and is chaired by the Director of Corporate Strategy and Planning. This committee plays a vital role in ensuring that the organisation's sustainability goals are aligned with the overall business strategy and effectively implemented.

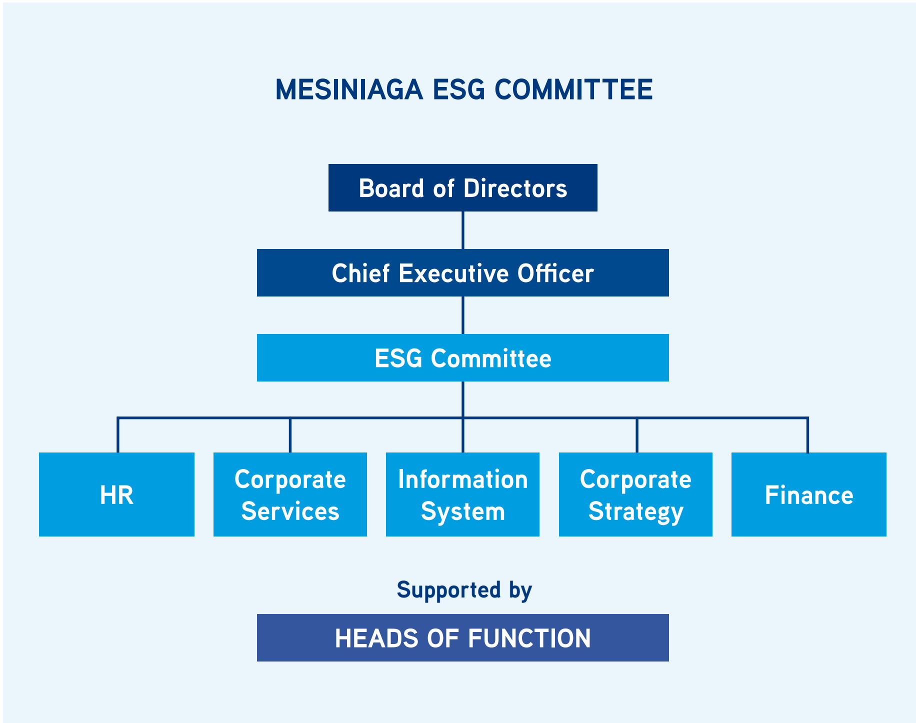


Figure 1: Sustainability Governance Structure

The roles and responsibilities of the Board of Directors, CEO and ESGC are illustrated in the table below:

Board of Directors	• Review the strategies. • Ensure the measures/initiatives are implemented following the strategies.
CEO	• Approve, oversee, and ensure the overall strategy aligns with the Group's business strategy and goals. • Review the progress in sustainability initiatives implementation.
ESGC	• Develop the Group's sustainability strategies and initiatives in line with the ESG scope. • Recommend plans and goals. • Track progress against pre-defined sustainability plans and goals. • Report the progress of all sustainability initiatives to the CEO. • Ensure that sustainability disclosure is in accordance with Bursa Malaysia's Listing Requirements.

Table 1: Roles and Responsibilities

MATERIALITY ASSESSMENT

No standard 'one size fits all' approach can be applied universally to achieve sustainability goals. Each company is of a different scale and engages in a different industry with corresponding sustainability-related risks and opportunities. Mesiniaga has adopted an approach tailored to its specific needs and circumstances. As a Group that provides IT services, Mesiniaga designs IT solutions, implements hardware and software manufactured by suppliers, and provides after-sales services to customers. The Group's sustainability agenda aligns with its core business and considers this sector's specific challenges and opportunities.

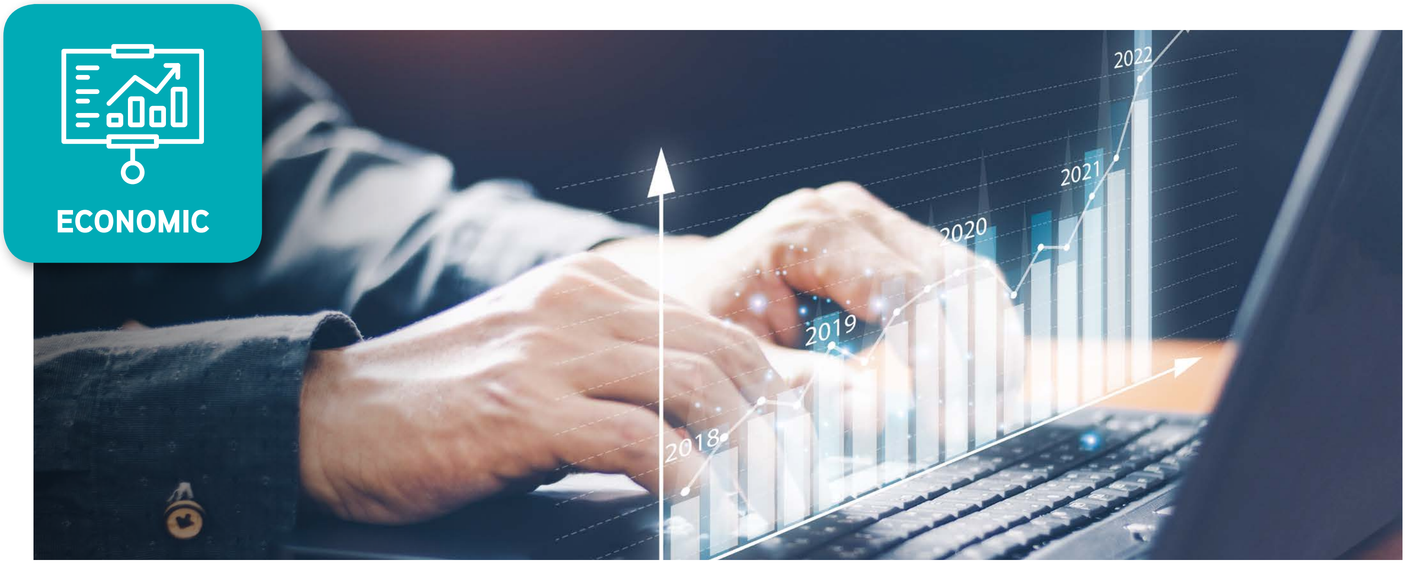
The Group uses information from various sources to identify the impact of Mesiniaga's business on the environmental, social and governance. This includes:

a. Referencing to the themes outlined in the Bursa Sustainability Reporting Guide (3rd Edition), which are commonly associated with the company's sectors, products, and geographic locations
b. Referencing the material matters disclosed by similar industry players

As part of an annual materiality assessment, Mesiniaga collects data from its business operations on the identified matters and prioritises and selects the most significant issues for the Group and its stakeholders. This process ensures that the Group's sustainability efforts are aligned with the most important and relevant issues for the organisation and its stakeholders.

Figure 2: Mesiniaga Berhad's Materiality Map

Sustainability Statement



Anti-Corruption

Mesiniaga has a zero-tolerance policy towards unethical, illegal, and corrupt work practices and is committed to professionalism, fairness, and ethical business dealings. To ensure that all employees are aware of this policy, the Group actively creates awareness and educates its employees on anti-corruption through various means such as emails, posters, and town hall meetings.

The Group also has established processes in supplier management to acquire formal commitment from vendors and business partners. These processes include requiring them to sign anti-bribery, corruption, and integrity forms and renewing their commitment to these policies yearly.

As part of its onboarding process, the Human Resources Department provides a briefing on the Group's anti-corruption and whistleblowing policies to all new employees. Additionally, the Group carried out annual education on anti-corruption for all employees and invited an officer from the Community Education Division of the Malaysian Anti-Corruption Commission to address the topic through online sessions.

The total attendance for the sessions is 98%, with the breakdown as follows:

Employee Category	Attendance (%)
Management	100%
Non-management	98%

Anti-corruption is a key message emphasised by the CEO at Group events. Quarterly email reminders are sent to communicate the policy and emphasise the importance of preventing corruption. This helps to enhance employees' understanding and reminds them of the importance of adhering to the Group's policy on anti-corruption.

The Group's commitment to anti-corruption is reinforced by these consistent efforts to educate and remind employees. To date, the Group has not reported any incidents of corruption.

Community Investment

In past years, the Group via its social employee club, Kelab Islah and Amal Mesiniaga (KIAM), had carried out social services benefiting the under-privilege community. In 2022, KIAM contributed RM1,350 to orphans and provided financial aid to flood victims, helping them to restore what they lost.

The Group has committed to prioritising community investment as part of its ESG initiatives. The focus is on improving the well-being of marginalised communities through education. Last year, the Group put in place a set of guidelines to guide the type and amount of investment and choice of investment activities.

Procurement

For the purchases of non-trading products and services for internal use, the Group prioritised purchasing from local suppliers and local brands. More than 90% of our purchases for non-trading products are from local companies.

Sustainability Statement

Customer Satisfaction

The Group recognises that customers are its primary stakeholders and their satisfaction is crucial to the Group's existence. The Group's "Helping Customers Succeed" mission drives us to design and implement IT solutions that provide customers with the highest return on investment.

The Group's Customer Satisfaction Management Department (CSM) reports directly to the CEO. It is responsible for ensuring excellence in service delivery and timely resolution of any issues customers may be experiencing. The CSM conducts yearly visits to solicit customer input and records any issues. The Group encourages customers to provide direct feedback via email, and the CSM manages all input received.

The Group's key performance indicator for customer satisfaction is the Customer Satisfaction Index (CSI), which is collected yearly and incorporated into management performance. The Group's focus on customer satisfaction has improved the CSI over the years, and they will continue to work on enhancing customers' experience.

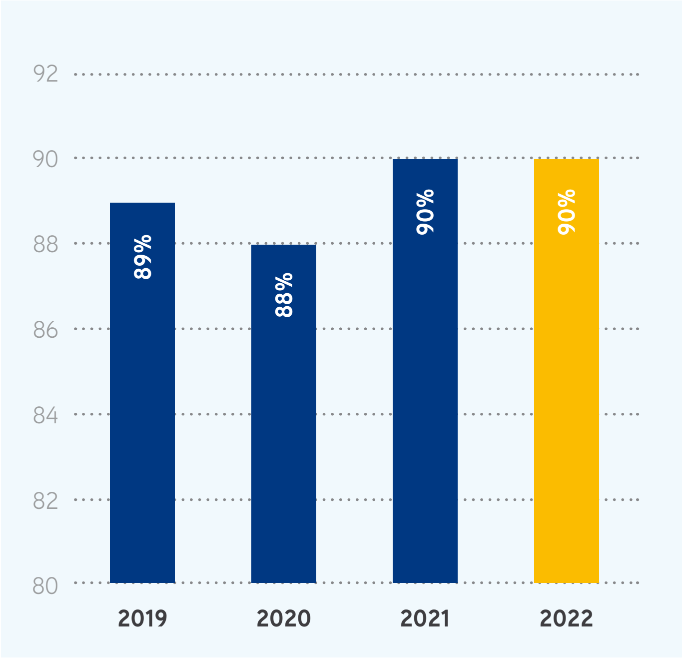


Figure 3: Mesiniaga's Customer Satisfaction Index

Sustainability Statement

Diversity in Workforce

The Group believes a diversified workforce enhances the work environment and performance by promoting various ideas and energy levels. The Group is committed to providing equal opportunities for all employees, regardless of race, gender, age, or religious beliefs. As of December 2022, female employees comprise 31% of the workforce and 23% of managerial positions.

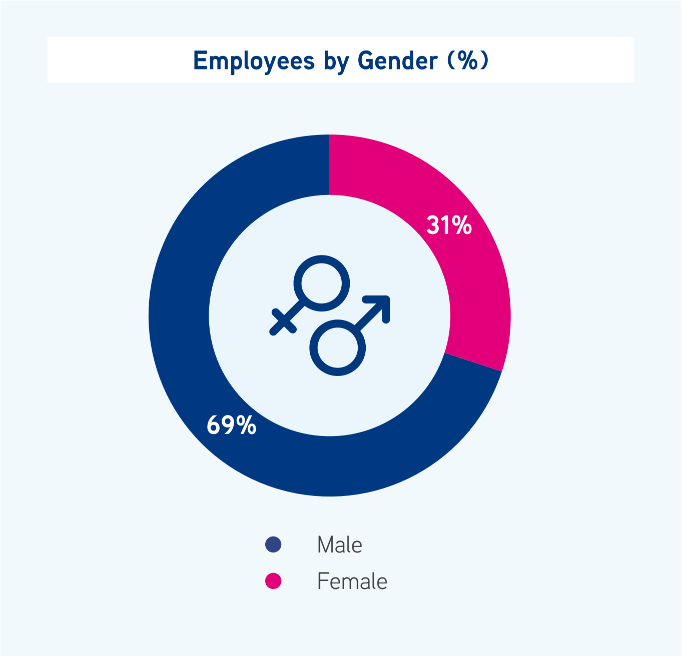


Figure 4: Employees by Gender

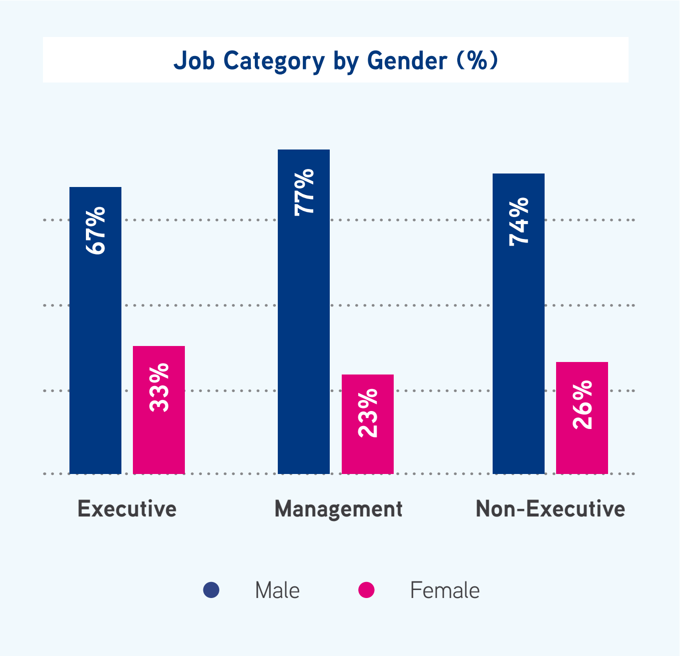


Figure 5: Job Category by Gender

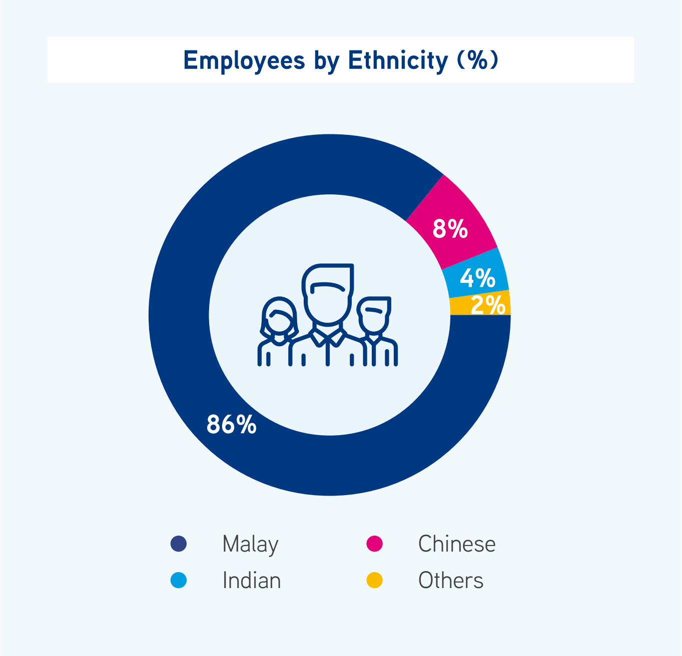


Figure 6: Employees by Ethnicity

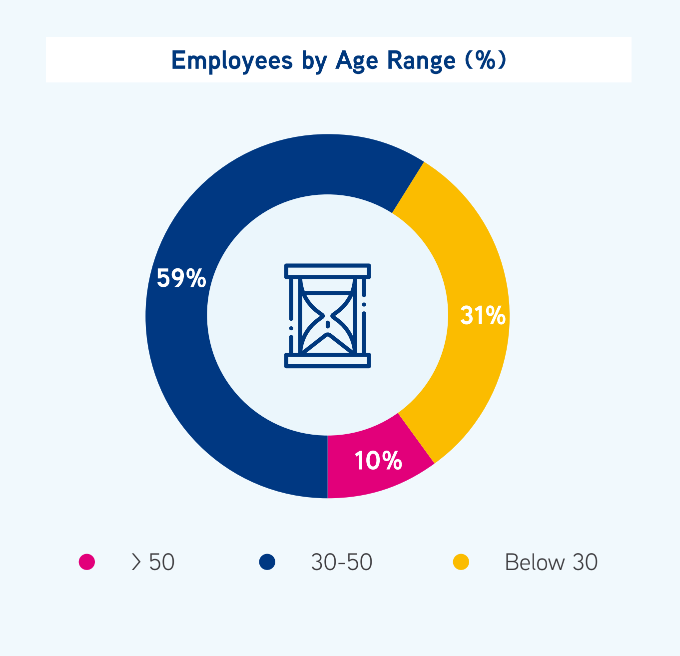
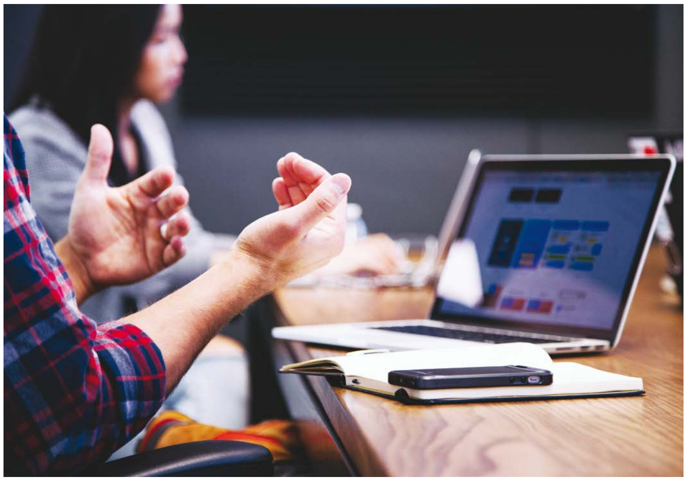


Figure 7: Employees by Age Range

Sustainability Statement

Employee Turnover Rate

The Group experienced high employee turnover in 2022 due to the digital transformation agenda in the country and overseas, which has increased the demand for experienced IT professionals, particularly in software development, security, and networking. The competition for experienced IT security and networking executives came from both IT service providers and end-user organisations, as well as multinational companies within Malaysia and overseas, making retention even more challenging. This resulted in a total turnover rate of 24% for 2022, an increase of 4% compared to 2021. To address the turnover, the Group implemented several strategies including replacement hiring for critical positions, internal promotion, and ramping up its capability development program for junior-level employees.



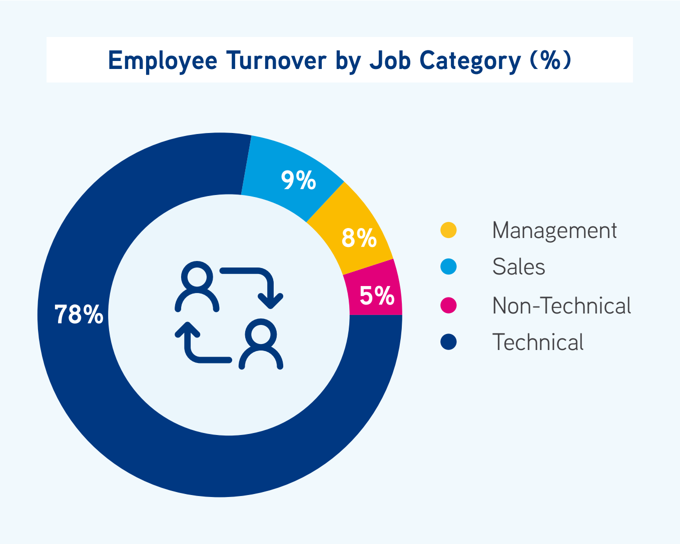


Figure 8: Employee Turnover by Job Category

Figure 9: Training Hours

Training and Development

Throughout 2022, the Group provided opportunities for employees to upskill and develop their knowledge and capabilities through physical and virtual training programs. The Group's investment in training was focused on key areas of capabilities required by employees and the business to remain relevant to our customers. The marginal increase in training hours in 2022 compared to 2021 resulted from balancing the needs of employee upskilling with the demands of our customers and business. The Group expects to step up the upskilling in 2023 on technical and functional training and development for our employees.

Sustainability Statement

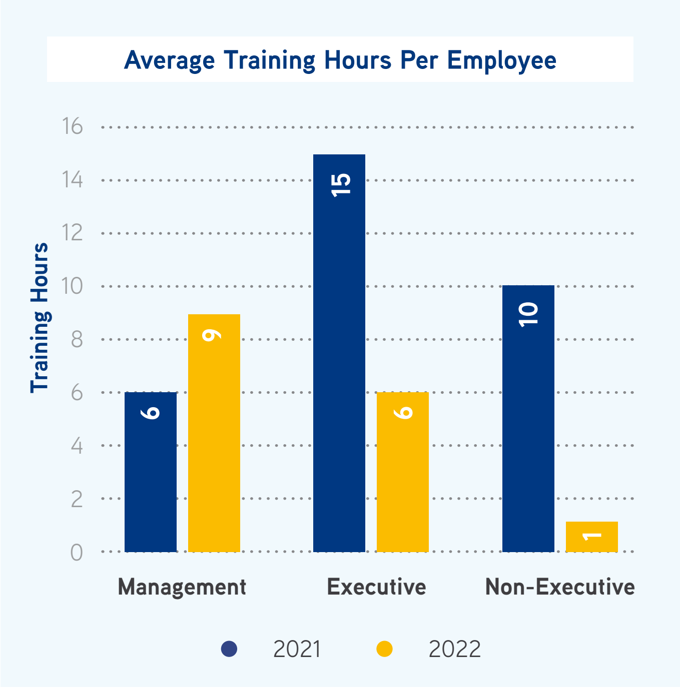


Figure 10: Average Training Hours Per Employee

In 2022, the Group initiated a management development program to strengthen its managers' management and leadership competencies. The program was targeted at newly appointed and mid-level managers.

Health and Safety

The Group recognises the importance of emotional and physical health in determining the overall well-being of an individual. Collaborating with the corporate medical health provider, the Group organised webinars promoting holistic well-being, covering mental health, self-improvement, and good lifestyle habits.

Additionally, the platform provides employees access to certified mental health counsellors if they ever feel overwhelmed or stressed with work or personal life. The Group believes that early detection and treatment of health issues is the best strategy for maintaining one's health. To that end, the Group offers Executive Health Screening for employees once they reach 35 years old.

This is an optional benefit and the Human Resources department encourages eligible staff to attend the health screening by sending reminders and simplifying the process with the health management provider.

Sustainability Statement

Mesiniaga recognises its business activities' potential impact on surrounding communities and the environment. The Group has implemented policies to ensure that only environmentally-friendly procedures and options are considered in all decision-making processes. The Group is committed to minimising any negative environmental impact and promoting sustainable practices in all its operations.

Energy Efficiency

Menara Mesiniaga was designed with a "green building" concept 30 years ago. The building is renowned for its ecological and architectural aesthetics that minimise environmental impact and maintain a low carbon footprint. The bioclimatic design of the building incorporates internal and external features that promote energy conservation while ensuring occupant comfort. Passive energy-saving features such as solar shading and natural lighting are also incorporated into the design to help reduce energy consumption.

The lifting of the Movement Control Order (MCO) due to COVID-19 has led to the return of most Mesiniaga employees to the office causing a notable increase in energy consumption by 122,771 kWh from 2021 to 2022. It was, nevertheless, 33.7% lower than the consumption level in 2019, demonstrating the effectiveness of the measures undertaken to reduce energy consumption.

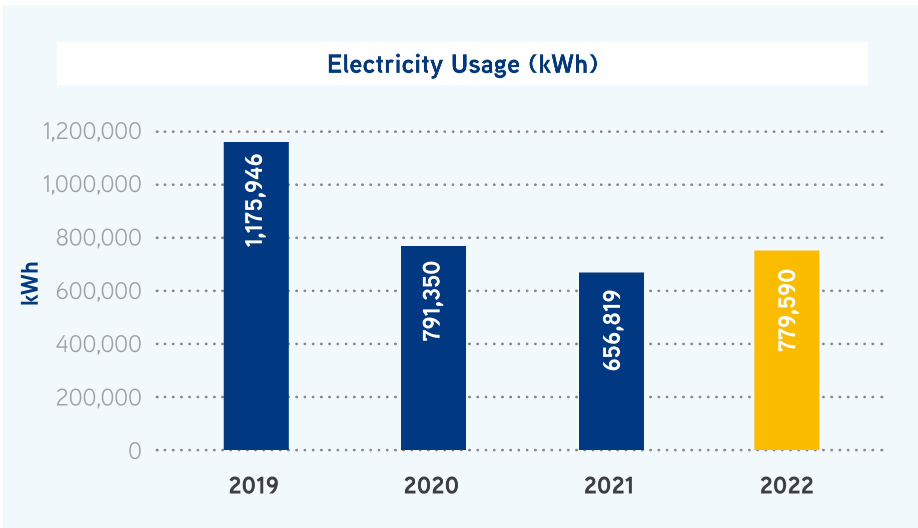


Figure 11: Electricity Usage (kWh)

Sustainability Statement

We constantly look for opportunities to manage our energy consumption. Several initiatives were implemented such as:

i. **Energy-Saving Light Bulb**
Replaced all fluorescent lighting with energy-efficient LED lighting.

ii. **Air Conditioner & Chiller**
Replaced old air conditioners with inverter technology for energy saving. Controlled the usage of air-conditioners and chiller at Menara Mesiniaga during office hours or based on approved request after office hours.

iii. **Lights Off During Lunch Hour**
Lights are turned off during lunch from 12:30 PM – 1:30 PM (Monday – Thursday) and 12:30 PM – 2:30 PM (Friday).

iv. **Unplug Equipment and Appliances When They Are Not In Use**
Ensure the printer and any other electrical items, such as the phone charger, are turned off and unplugged at the end of the day. Turn off all the lights and power extensions before leaving the office.

Prudent Use of Paper Practices

The Group acknowledges that paper consumption has a significant impact on the environment. The Group avoids unnecessary paper usage and waste generation wherever possible and appropriate to minimise this impact. The Group promotes using electronic platforms such as social media, SMS, and email as effective alternative modes of communication with suppliers, customers, and internal operations. Additionally, the Group also uses recycled paper whenever possible for printing. The Group has successfully reduced the usage of papers each year over the past 4 years.

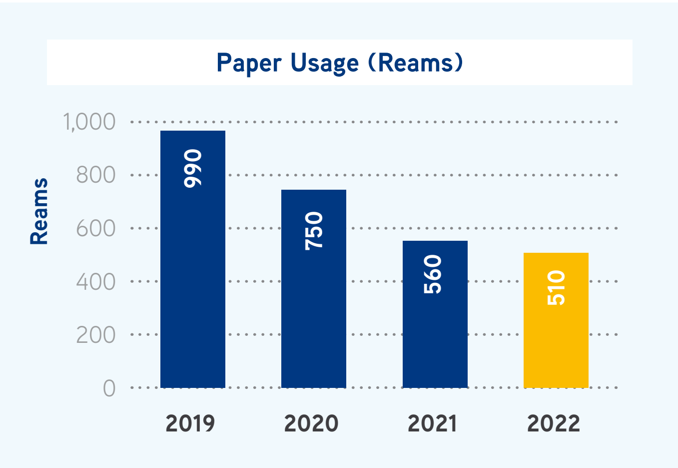


Figure 12: Paper Usage (Reams)

Recycling and Reuse

The Group has already taken the initiative to start a recycling campaign and encourages all employees to participate. The campaign focuses on common recyclable office items such as wastepaper, including printed paper, unwanted files and notes, used envelopes, and used boxes. Recyclable items are placed in recycling bins conveniently located on the lower ground floor of the building. The Group also practices reusing files, envelopes, printed papers, and other materials at all levels to reduce waste and promote sustainable practices.

Sustainability Statement

Water Consumption

The Group implemented the following initiatives to manage our water consumption:

i. **Rainwater Harvest Initiative**
Mesiniaga has placed water tanks for rainwater catchment. The harvested water is used to water the plants at the premise.

ii. **Raising Staff Awareness**
Placed signs in toilet areas to encourage water conservation.

iii. **Fix Leaks Quickly**
Repaired leaking faucets and pipes quickly to reduce water wastage.

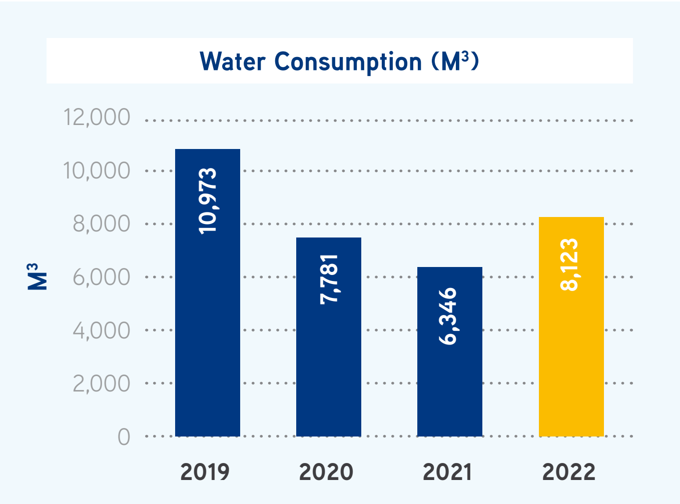


Figure 13: Water Consumption (M^3)

Environmental Initiatives

i. **Tree Planting**
Mesiniaga participated in a Tree Planting Program with Global Environment Centre (GEC) on 22 October 2022 at Kuala Langat North Forest Reserve (KLNFR), Selangor. This event is part of Mesiniaga's ESG activities to support the Greening Malaysia Agenda through the 100 million Tree-Planting Campaign, which it plans to do once a year.

ii. **Beach Cleaning**
Mesiniaga conducted a Beach Cleaning activity at Pantai Kelanang, Banting, Selangor on 3 December 2022. The exercise aims to protect and enhance natural and cultural resources and raise awareness about saving the oceans.

iii. **Greening Our Office**
Mesiniaga added more greenery, such as indoor plants, in the office. This initiative aims to improve indoor air circulation as plants will absorb carbon dioxide and other harmful gases, provide better air quality in the office and create an environment that is tranquil and peaceful, thus improving focus and leading to higher productivity of the staff.

iv. **Remote Work Option**
Allowing employees to have a flexible option, such as working from home, is an alternative for the Group to help reduce carbon emissions. This flexible arrangement reduces the employees' commute from home to the office, thus decreasing the amount of gases released into the environment.

Corporate Governance Overview Statement

The Board of Mesiniaga Berhad (the Group) recognises the importance of adopting high standards of corporate governance in the Group to safeguard stakeholders' interests, enhance shareholders' value, and ensure long-term sustainability.

This Corporate Governance Overview Statement is made pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) with guidance drawn from Practice Note 9 of the Main Market Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

This Statement is complemented with a Corporate Governance Report, based on a prescribed format as encapsulated in paragraph 15.25(2) of the Main Market Listing Requirements to provide detailed articulation on the application of the Group's corporate governance practices against the Malaysian Code on Corporate Governance (MCCG) dated 28 April 2021.

The Corporate Governance Report is available on the Group's website, www.mesiniaga.com.my as well as via announcement on the website of Bursa Malaysia. This Statement should also be read in conjunction with the other statements in the Annual Report (e.g. Directors' Statement on Risk Management and Internal Control, Audit and Risk Management Committee Statement and Sustainability Statement).

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Group has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2022, except for the following:-

- Practice 1.3 (The positions of Chairman and CEO to be held by different individuals);
- Practice 5.2 (At least half of the Board comprises Independent Directors);
- Practice 8.1 (Detailed disclosure on a named basis of the remuneration of individual Directors); and
- Practice 8.2 (Remuneration component of the top five Senior Management members).

A summary of the Corporate Governance Report under each Corporate Governance Principles are as follows:-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Providing Leadership in Meeting the Objectives and Goals of The Group

We are committed to continuing our efforts to be the "Malaysian IT Partner of Choice" by Helping Customers Succeed. We pledge to strive for the highest level of good governance in the Group, to meet and exceed the expectations of all our stakeholders, particularly our shareholders. The Board of Directors (the Board) firmly believes that adopting and operating in accordance with the highest standards of corporate governance are vital for sustainable performance and economic value creation for all our stakeholders. The values adopted by the Group are:-

Corporate Governance Overview Statement

The Chairman of the Board is Datuk Wan Mohamed Fusil Bin Wan Mahmood who leads the Board in instilling good corporate governance practices, leadership, and effectiveness. In particular, the key responsibilities of the Chairman as described in the Board Charter are as follows:-

i. to act as a liaison between Management and the Board;
ii. to keep abreast of the activities of the Group so that sufficient information is provided to enable the Directors to form appropriate judgement;
iii. to approve arrangements for Annual and Extraordinary General Meetings;
iv. to chair Board and General Meetings;
v. to review and sign minutes of Board meetings; and
vi. to call special meetings of the Board when necessary.

The Nomination and Remuneration Committee has conducted the detailed assessment and determined in consultation with the Board that he is the most senior, experienced, and suitable member to lead the Board and that the current arrangement has not compromised the objectivity of the Board and the proper governance of the Group.

The Board is assisted by the Group Secretary who is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the companies within the Group as well as the principles of best practices on corporate governance. The Group Secretary is also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing the role as an advisor to the Directors, the duties of the Group Secretary also include, amongst others, attending all Board meetings, ensuring that the proceedings of Board meetings and decisions made thereof are accurately and sufficiently recorded and properly kept for the purposes of meeting statutory obligations, ensuring all appointments and resignations of Directors are in accordance with the relevant legislation, formulating, and review of Board Charter periodically, coordinating on dividend payments, and making corporate disclosure announcements. The appointment and removal of the Group Secretary are exclusively within the purview of the Board.

In consultation with the Chairman, the Secretary circulates the notice and agenda of a Board meeting in advance of the meeting to all members of the Board. In accordance with Article 124 of the Group's Article of Association, a resolution in writing signed by all Directors shall be effective for all purposes as a resolution passed at a meeting of the Directors duly convened, held, and constituted.

From time to time, the Board invites other persons to attend its meeting to assist the Board in the fulfilment of its duties.

Demarcation of Responsibilities between the Board, Board Committees and Management

The Board Charter which establishes clear functions, roles and responsibilities of the Board of the Group is published in the Group's website www.mesiniaga.com.my. The Board Charter is subject to periodical review.

The Board and its Committees meet regularly to deliberate on matters under their purview. In addition to the scheduled meetings, the Board and Board Committees also convene special meetings when urgent and important deliberations are required or decisions need to be taken between scheduled meetings. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plans, annual budget, financial results as well as key performance indicators. Throughout 2022, the Board of Directors met six (6) times. The attendance of individual Directors for the meetings of the Board and Board Committees are outlined below:-

Corporate Governance Overview Statement

Board of Directors' Meeting

Directors	Attendance
Datuk Wan Mohamed Fusil	6/6
Fathil Ismail	6/6
Voon Seng Chuan	6/6
Sim Hong Kee	6/6
Datuk Noor Azian Shaari	6/6
Dato' Darawati Hussain	6/6
Zaim Husni Omar	6/6

Audit and Risk Management Committee Meeting

Directors	Attendance
Sim Hong Kee	5/5
Datuk Noor Azian Shaari	5/5
Dato' Darawati Hussain	5/5

Nomination and Remuneration Committee Meeting

Directors	Attendance
Voon Seng Chuan	5/5
Fathil Ismail	5/5
Sim Hong Kee	5/5

Investment Committee

Directors	Attendance
Dato' Darawati Hussain	3/3
Voon Seng Chuan	3/3
Fathil Ismail	3/3

All meetings were held through teleconferencing facilities.

Corporate Governance Overview Statement

Commitment to The Promotion of Good Business Conduct and Maintenance of a Healthy Corporate Culture

Mesiniaga abides by strict ethical conduct and practices in conducting our business and in our dealings with all stakeholders as well as compliance with regulatory requirements. An integral part of our Employee e-Handbook is the Mesiniaga Business Conduct Guidelines (BCG) which defines the expected ethical behaviour of our employees. The Guidelines encompass areas of personal conduct, fairness in business, relationship with other organisations, use and dissemination of proprietary and confidential information and fraud prevention. Apart from that, it is also our undertaking to support the utilisation of licensed software and the implementation of good software asset management practices. Our commitment to ethical and best practices is exemplified by our upgraded ISO 9001:2015 accreditation.

Mesiniaga had since 8 October 2019 issued the Anti-Bribery and Corruption Policy, Whistleblowing Policy and Vendor Code of Conduct to complement the BCG in enhancing the Group's culture for good ethics and fair dealings.

In this respect, it is the responsibility of the Board and Management to uphold the high reputation of the Group, as well as the responsibility of each employee to behave in the prescribed manner, as required by the BCG and the policies as described above. The policies and procedures as outlined in the BCG and the said policies are based on the principles of the Code on Corporate Governance and the relevant legal provisions under the MACC Act 2009 and Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The BCG and the said policies encourage and enable employees to whistleblow and raise concerns on illegal activities, such as corruption, and other wrongdoings that may occur within the organisation. The BCG and the said policies are available in the Employee e-Handbook for the reference of all employees in the Group's effort to continue promoting accountability, transparency, and ethical practices.

Employees' concerns, whistleblowing or otherwise may be raised via emails, telephone calls, letters and faxes to the attention of the Ethics Committee consisting of the Chairman, a member of the Audit and Risk Management Committee and the Internal Audit and Risk Manager. Employees are assured that confidentiality will be maintained at all times and they will be protected.

Board Decision Making Process

Particular attention is paid to the composition and balance of the Board to ensure that it has wide experience relevant to the IT business sector.

The Board considers that objectivity and integrity, as well as the relevant skills, knowledge, experience, mindset and ability, which will enable the Board in fulfilling its key functions, are the prerequisites for the appointment of new Directors to the Board.

The Board also recognises the need to enhance Board diversity, as it is essential to the effective functioning of the Board. The Board has attained diversification in terms of experience, skills, expertise, competencies, ethnicity, gender diversity, and age to enable the Group to maximise its business and governance performance. The representation of the members of the Board as of 31 December 2022 is as follows:-

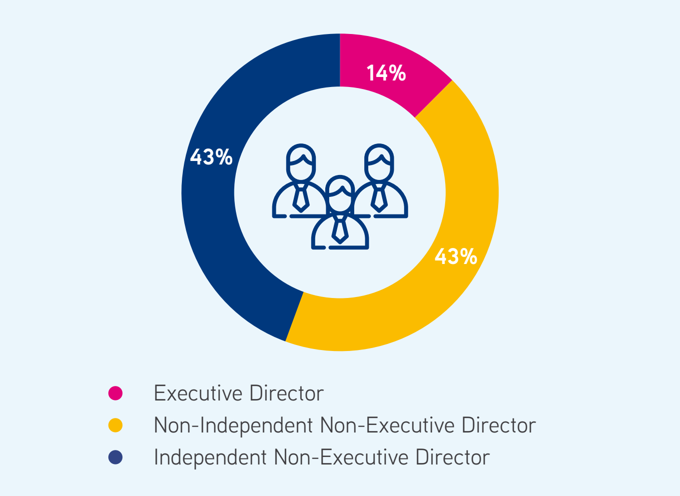


Figure 1: Board Composition

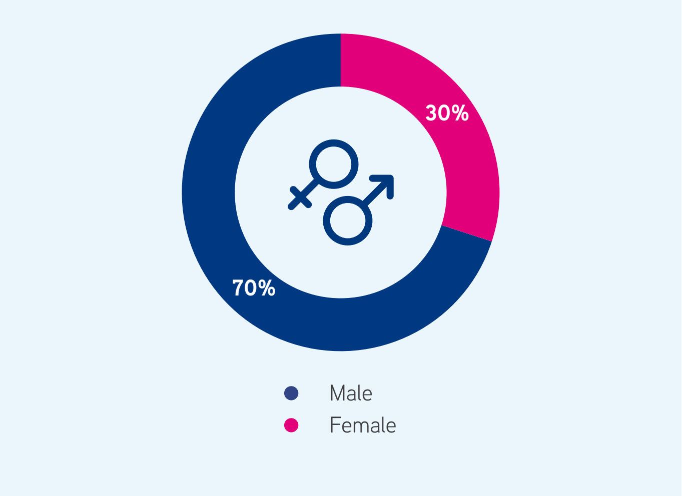


Figure 2: Board Gender Composition

Corporate Governance Overview Statement

The composition is in compliance with the Listing Requirements of Bursa Malaysia, which require that at least one-third of the Board should comprise of Independent Directors. However, the composition of Independent Directors of 43% of the Board fell short of the provision as indicated in Practice 5.2 of the MCCG which stipulates that at least half of the board comprises Independent Directors.

The Board recognises the MCCG practice on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board also recognised that the maximum period for an Independent Director under listing Requirements is 12 years which will be effective on or after 1 June 2023. Voon Seng Chuan is approaching his 10th year of service as an Independent Director. He has agreed to offer himself for re-election as an Independent Non-Executive Director at the forthcoming Annual General Meeting (AGM) and subject to Shareholders' approval.

The Nomination and Remuneration Committee (NRC) is empowered to review and make recommendations for appointment to the Board. A formal and transparent procedure has been established for the appointment of new Directors to the Board. The NRC has the primary responsibility to implement this process. The membership of the NRC comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

The NRC is also responsible for the review, evaluation, and recommendation of suitable candidates for appointment as Directors based on the criteria set which includes amongst others, skills, experience, competency, gender, ethnicity, and age. The NRC is also responsible for assessing and ensuring, amongst others, that the candidate possesses the necessary technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the Mesiniaga Business Conduct. The potential candidates, upon such review and evaluation, will be recommended to the Board for appointment.

The Board fully embraces gender diversity within the Group. As at 31 December 2022, 31% of the Group's employment strength consists of females. Females constitute 23% management levels.

Though the NRC has been tasked to review and make recommendations for appointment to the Board, the Board does not solely rely on recommendations received from the Committee. The Board is open to considering independent sources to identify suitably qualified candidates.

The NRC is chaired by Voon Seng Chuan who is an Independent Non-Executive Director. In exercising his role, he coordinates the independent assessment of the effectiveness of each Board member and the Board as a whole.

Level and Composition of Remuneration

The NRC oversees the implementation of the policy and procedure on remuneration including reviewing and recommending matters relating to the remuneration of the Board in general and in particular the remuneration of the Executive Director. Its Terms of Reference is as stated on page 54 of this Annual Report.

Considerations include Director's responsibilities, experience, competencies, commitment, contribution, and performance.

The NRC reviews the performance and remuneration of the Executive Director and makes recommendations to the Board on an annual basis. In relation to the remuneration of the Independent Non-Executive Directors, comparison is made with peer companies and recommendations are made to the Board for deliberation and endorsement for the approval by the shareholders at the AGM.

Detailed information on named basis regarding the remuneration of each individual Director is not disclosed as the Board considers the information is sensitive and proprietary. Besides, the issue of personal security is also taken into consideration.

Corporate Governance Overview Statement

The transparency and accountability aspects of corporate governance applicable to the remuneration of the Directors are deemed appropriately served by the disclosure below:-

RM('000)	Executive Director	Non-Executive Director
Fees	-	300
Salary	1,125	-
Other emoluments	72	90
Defined contribution plan	195	-

	Executive Director	Non-Executive Director
Below RM50,000	0	1
RM50,001 to RM100,000	0	4
RM100,001 to RM150,000	0	1
RM150,001 to RM200,000	0	0
RM200,001 to RM250,000	0	0
RM250,001 to RM300,000	0	0
RM300,001 to RM350,000	0	0
RM350,001 to RM400,000	0	0
RM400,001 to RM450,000	0	0
RM450,001 to RM500,000	0	0
RM500,001 to RM550,000	0	0
RM550,001 to RM1,000,000	0	0
RM1,000,001 to RM1,500,000	1	0

Corporate Governance Overview Statement

Directors' Training

All Board members have attended the Mandatory Accreditation Programme (MAP) organised by Bursa Malaysia. In addition, Board members have also attended various training programmes and conferences which the Board believes have aided them in discharging their duties as Directors of the Group. Board members are also encouraged to participate in training programmes deemed appropriate for the needs of the respective Directors in discharging their duties to the Group and such attendance would be at the Group's expense. The following is the list of training programmes and conferences attended by the Directors collectively or individually:-

Board Leadership and Corporate Governance	• Positioning Corporate Malaysia for Sustainable Future • Digital Banking in Malaysia: Opportunities and Challenges • Executive Masterclass: Developing Malaysia's Roadmap to Net Zero • Anti-Bribery and Corruption Training • MIA 2022 Annual Conference • Anti-Bribery and Corruption Education for Mesiniaga Berhad • Corporate Governance & Remuneration Practices for the ESG World • Scaling Up Innovations towards Future Sustainable Business • Corporate Governance - Sustainability and Its Impact on Organisations • Assessing your Organisational Culture • Sustainability Awareness Virtual Program: Asian Banking School • Leadership Perspectives Forum on Board Effectiveness • AML Session for Directors and Executives: AmBank Learning & Development • CyberSecurity - Emerging Trends & What You Need to Know as a Decision Maker • Positioning Corporate Malaysia for a Sustainable Future • Anti-Bribery and Corruption Education for Mesiniaga Berhad
Risk Management/ Internal Audit	• ICDM Audit Committee Dialogue and Networking • Macro, Finance & Emerging Markets • Sustainable Insurance • BNM-FIDE FORUM Dialogue - Climate Risk Management and Scenario Analysis • Risk Management - Basel FIRB Training • Malaysia Nature-Related Financial Risks • Blue Economy Opportunities, Challenges and Lessons for Islamic Finance
Nomination and Remuneration	• Business and Human Rights and Environment • Talent Uprising - How Boards Should Rethink Their Talent Strategy in this Era of Opportunity
Technology and Innovation	• Web 3.0 and the Future of Finance • Getting it Right: Securing Results from Digital Transformation • Deep Dive into DeFi • The Board Series: Changing the Game with Digital Ecosystems • My FinTech Week • Digital and Future Insight of Islamic Finance Programme • Innovation Led Growth for Malaysia • MyFintech Week (MyFW) 2022 "Advancing Digitalisation for Recovery, Sustainability and Inclusion" • Empowering Women in STEM (Science, Technology, Engineering and Mathematics)

Corporate Governance Overview Statement

Environmental, Social, and Governance	• Foundation Course on Sustainability • Materiality Assessment • ESG and Enterprise Risk Management • Creating long-term value with ESG Strategy • Carbon Footprinting and Reporting for Organisations • Plan Your ESG Journey: Lessons for the Boardroom • Why Investors care about ESG • ESG + "T": Global Trends to Watch Out For • Sustainability and Its Impact on Organisations: what directors need to know • Mesiniaga In-House ESG training: Updates on ESG (PWC) and FTSE4Good Bursa Malaysia (Bursa Malaysia) for Board Members • ESG Disclosure at a Glance: Key Developments and Future Trends • Just Series 2 "Governance and Reporting - Workshop 2" Implementation of Task force on Climate-related Financial Disclosures (TCFD) • Climate Change and Carbon: From the Financial Risk & Reporting Perspectives • Characteristics of ESG and Sustainability Leadership • AmBank Group ESG Day • Environmental Risk Management by Oliver Wyman • Sri 2022 Preserving the Climate Through Sustainable Business and Living
Others	• Capacity Building Climate Scenario Analysis & Stress Testing • Implementation and Application of CCPT • Digital Nasional Berhad: 5G - What Is Possible Today • Science Based Target Initiative (SBTi) Symposium: Demystifying Urgent Actions for a 1.5c Pathway • Introduction to Natural Capital • BNM-FIDE FORUM Masterclass • MetaFinance - The Next Frontier of the Global Economy • Recovery and Resolution Planning (RRP) Project • PIDM Industry Forum 2022 • PIDM-FIDE FORUM Recovery and Resolution Planning Sharing Session • Deep Root in Asia • Women in Tech Asia Pacific (APAC) Regional Awards and Open Day Conference • Inflation, Looming Recession & Climate Change: A Tricky Balancing Act

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit and Risk Management Committee (ARMC) comprises of three (3) members and is headed by Sim Hong Kee. He and Datuk Noor Azian are Independent Non-Executive Directors, while Dato' Darawati is a Non-Independent Non-Executive Director.

None of the members of the ARMC are former audit partner of the Group's external auditors. However, in the event that a former audit partner is to be appointed on to the Committee, the ARMC would ensure that a three years' cooling off period is observed before effecting such appointment.

Sim Hong Kee is a Chartered Accountant and member of the Malaysia Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA) while Dato' Darawati is a Chartered Financial Analyst. The other member though not having financial background, has extensive experience in legal matters hence providing the Committee with legal perspectives in dealing with audit and risk management matters. All members of the ARMC had participated in various continuing professional developments to keep themselves abreast of relevant development in accounting standards, practices, and rules.

In relation to the services of the external auditor, the ARMC performs the assessment on the suitability, objectivity, and independence of the external auditor annually.

Corporate Governance Overview Statement

Mitigating and Managing Risk

An effective risk management and internal control framework has been established and the features of the framework are as stated in the Statement of Risk Management and Internal Control on page 46 of this Annual Report. A synopsis of the key risk areas as identified and monitored by the ARMC are as stated in the Management Discussion and Analysis on page 08.

The risk management framework adopted by the Group is tailored to the local condition based on an internationally recognised framework. The report on risk management is reviewed by the ARMC and presented to the Board on a quarterly basis and the Board is of the opinion that the risk management process is adequate considering the complexity and size of the business.

Effective Governance, Risk Management and Internal Control Framework

Ensuring that the internal audit function is effective and able to function independently is part of the function and duties of the ARMC.

Internal audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence. The internal audit unit is headed by the Head of Audit and Risk Department. He holds a Bachelor's Degree in Accountancy (Hons.) and is a professional member of the Malaysian Institute of Accountants (MIA). He is assisted by a team of three (3) internal auditors who have sufficient auditing experience and tertiary academic qualifications.

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

Communication with Stakeholders

The Group welcomes all queries from shareholders and these queries could be channelled directly to the Chief Executive Officer or through the Group's website www.mesiniaga.com.my. The Chief Executive Officer provides update on the Group's performance through quarterly results announcements and also responds to analysts and shareholders' queries from time to time.

Though the Group's Articles of Association specifies a notice period of 21 days for the convening of an Annual General Meeting, the Group has been observing a longer notice period of 30 days or more since 2016.

Conduct of Annual General Meeting (AGM)

At each AGM, the Board presents the Group's business progress and performance and encourages shareholders to participate in the question and answer session. All Directors attend the Annual General Meeting.

An explanatory statement for any proposed resolution, to facilitate full understanding and evaluation of issues involved, will accompany each item of special business included in the notice of the meeting.

The Company has been holding its AGM at its own premise since 1998. For the first time, the Company convened a fully virtual AGM in 2021 where remote shareholders participation was made possible.

Statement of Directors' Responsibilities in Relation to Financial Statements

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year, and the statement of comprehensive income and cash flow of the Group for the financial year.

In preparing the financial statements of the Group for the year ended 31 December 2022, the Directors have:-

- ensured the Group has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement;
- considered all applicable accounting standards have been followed; and
- confirmed the financial statements have been prepared on the going concern basis.

The Directors have responsibility to ensure that the Group maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016.

The Directors also have the overall responsibilities to take such steps to safeguard the assets of the Group and for the establishment, designation, implementation and maintenance of appropriate accounting and internal control systems for the prevention and detection of fraud and other irregularities relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Statement on Risk Management and Internal Control

Introduction

The Malaysian Code on Corporate Governance April 2021 requires the Board to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

In compliance with the provision of Bursa Malaysia Securities Berhad (BMSB) Listing Requirements Paragraph 15.26(b) updated as at June 2020 and Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers (Risk Management and Internal Control Guidance), the Board of Directors (the Board) is pleased to present the Statement on Risk Management and Internal Control (SORMIC) which outlines the risk management framework and the internal control structure of the Group during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report for the Financial Year ended 31 December 2022.

Board Responsibility

The Board acknowledges its responsibility for the Group's risk management system and internal control framework to safeguard shareholders' interest. To this end, strong focus is placed on adequate financial and operational controls and regulatory compliance.

The Board recognises that in pursuing business objectives, internal control could only provide reasonable but not absolute assurance against the risk of material errors, losses, fraud or occurrences due to unforeseeable circumstances. The Group's system of internal control has been designed to place greater emphasis on the control of significant or material items in order to provide reasonable assurance that the effects of these risks are minimised.

Assurance Mechanism

The Audit and Risk Management Committee (ARMC) assists the Board in evaluating the adequacy of risk management and internal control framework as well as in fulfilling its statutory and fiduciary responsibilities. ARMC would review the financial statements and financial reporting process, the system of internal controls, management of enterprise risks, the audit process and the process of monitoring compliance with law and regulations including the requirement Bursa Malaysia and Securities Commission and the Group's Code of Conduct.

Internal Audit

The internal audit function of the Group is carried out by the Audit and Risk Department that reports directly to the ARMC. The principal role of the Audit and Risk Department is to provide independent assurance and assessment on the effectiveness and soundness of internal control mechanisms and verify that they are in place.

The Audit and Risk Department adopts a risk-based approach in its audit plans and examination. The internal audit function is guided by IPPF (International Professional Practices Framework) issued by the Global Institute of Internal Auditors. Additionally and separately, the Audit and Risk Department performs on-going reviews of processes and activities within the Group in compliance with the ISO 9001:2015 standards. The audit plan, which covered the areas of significant risk exposure was approved by the ARMC.

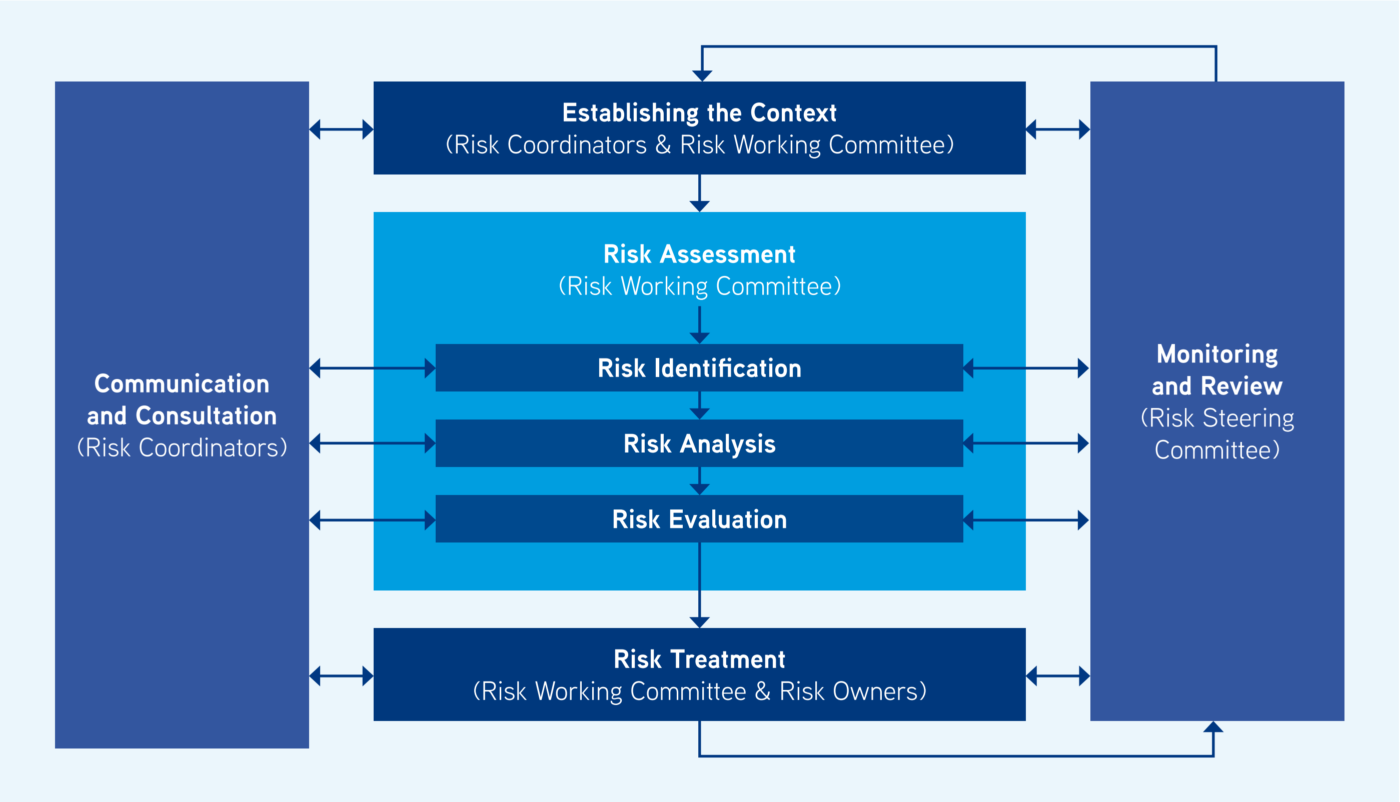
Risk Management

The ARMC monitors the implementation of a sound risk management programme for the Group and formalises the identification of principal risks affecting the achievement of the Group's business objectives. It allows for a structured and focused approach to managing the Group's significant business risks.

Guided by the ISO 31000 Risk Management Principles and Guidelines, the Audit and Risk Department provides the Board with assurance of the adequacy and integrity of internal control within the Group with a proactive on-going process involving identification, assessment, control, monitoring, and reporting of risk exposures. The risk management programme is subjected to review by the ARMC for and on behalf of the Board.

Statement on Risk Management and Internal Control

The management determines the Group's level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard shareholders' investments and the Group's assets and the ARMC reviews and where appropriate, challenges if there are gaps. Progress on risk management activities is reported at every ARMC meeting in 2022 by the Head of Audit & Risk Department. The processes of risk management are illustrated as per below:-



Internal Control

The Group's internal control system is incorporated within the organisation structure, policies, procedures and the Mesiniaga Business Conduct Guidelines.

Control environment includes the following:-

- The Group's core values of Respect, Integrity, Commitment, Innovation, and Teamwork are embedded within the corporate culture;
- The Code of Business Conduct Guidelines reinforces and provides guidance to all employees on the Group's core value on integrity, to be achieved through adherence to policies, standards, procedures and applicable laws;
- The Audit and Risk Management Committee and Nomination and Remuneration Committee established by the Board of Directors are governed by clearly defined terms of reference and authority for areas within their respective scope; and
- The Group has an organisational structure that is aligned with its business and operational requirements with clearly defined lines of responsibility and authority levels.

All significant internal control recommendation by the internal auditors and external auditors are reported to the ARMC for review and deliberations. The ARMC reviews to ensure that all mitigation plans are implemented by Management to safeguard the interests of the Group and maintain proper governance. Where deficiencies were identified, recommended procedures have been or are being put in place to strengthen controls. The ARMC focusses on the deficiencies reported, understands the root causes and directs Management to take all steps necessary to correct the circumstances and conditions that had caused the compliance deficiencies. This includes specific remediation plans and follow-up actions to ensure deficiencies are addressed.

The internal control system is continuously reviewed, added on or updated in line with the changes in the Group's operating environment.

Statement on Risk Management and Internal Control

Assurance from Management

The Chief Executive Officer and the Chief Financial Officer have provided the Board with assurance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

Taking into consideration the assurance from the management team, the Board is of the view that processes covering risk management and internal control are in place for the year under review and that they remain sound to safeguard shareholders' investment and the Group's assets up to the date of issuance of the financial statements.

In addition, the Board remains committed to maintain a sound system of risk management and internal control and therefore, recognises that the systems must be continuously reviewed and revised where appropriate, to support the business and ensure compliance with:

- Malaysian Code on Corporate Governance (April 2021) – Securities Commission Malaysia
- Bursa Malaysia's Statement on Risk Management and Internal Controls – Guidelines for Directors of Listed Issuers (March 2018) – Bursa Malaysia
- Corporate Governance Guide (4th Edition) December 2021 – Bursa Malaysia

Conclusion

During the year under review, there was no significant control failure or weakness identified that would result in material losses, contingencies or uncertainties requiring disclosure in this annual report. The Board and Management will continue to review and strengthen the Group's risk management and internal control systems to ensure ongoing adequacy and effectiveness of the system of internal control and risk management practices to meet the changing and challenging future operating environment.

The Board and ARMC ensures that the management has taken and maintained effective measures to mitigate the threat of cyber attack and will remain vigilant as well as take additional steps necessary to minimize the cyber security risks and mitigating the impact to the Company operations.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control of the Group.

This Statement is presented by the ARMC on 23 March 2023 and approved by the Board on 23 March 2023.

BOARD OF DIRECTORS
MESINIAGA BERHAD

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) assists the Board of Directors (Board) in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting, risk management, and internal control.

The ARMC is pleased to present the ARMC report for the financial year ended 31 December 2022 in compliance with paragraph 15.15 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Code on Corporate Governance (the Code) April 2021.

COMPOSITION OF THE ARMC

The ARMC comprises the following members:

Sim Hong Kee
Chairman, Independent Non-Executive Director

Datuk Noor Azian Shaari
Member, Independent Non-Executive Director

Dato' Darawati Hussain
Member, Non-Independent Non-Executive Director

Syed Jamalludin Syed Osman Jamallulail
Secretary
(Retired on 30 November 2022)

Mohd Shahrul Zamir Bin Safaruddin
Secretary
(Appointed on 1 September 2022)

NUMBER OF ARMC MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2022, the ARMC held a total of five (5) meetings. The details of the attendance of each ARMC member are as follows:

Directors	23.02.2022	17.03.2022	12.05.2022	11.08.2022	10.11.2022
Sim Hong Kee	✓	✓	✓	✓	✓
Datuk Noor Azian Shaari	✓	✓	✓	✓	✓
Dato' Darawati Hussain	✓	✓	✓	✓	✓

Audit and Risk Management Committee

TERMS OF REFERENCE FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE

PURPOSE

The primary objective of the Audit and Risk Management Committee (ARMC) is to assist the Board of Directors in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting, risk management, and internal control.

SIZE AND COMPOSITION

i. The ARMC shall be appointed by the Board of Directors of Mesiniaga from amongst their members.
ii. The Committee shall consist of not less than three (3) members, the majority of whom shall be Independent Non-Executive Directors.
iii. The Committee must comprise Directors who possess a wide range of necessary skills, knowledge, and experience relevant to the responsibilities of the Committee. Each member should be financially literate, competent and able to understand the matters under the purview of the Committee, including the financial reporting process.
iv. At least one member of the Committee:-
    a. must be a member of the Malaysian Institute of Accountants (MIA); or
    b. if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and;
        i. he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
        ii. he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
    c. fulfils such requirements as prescribed by Bursa Securities.
v. The Chairman of the Committee:-
    a. must not be the Chairman of the Board of Directors; and
    b. shall be an Independent Director.
vi. A former audit partner of the Company's external audit firm shall observe a cooling-off period of at least three (3) (previously two (2)) years before being eligible for consideration to be appointed as a member of the ARMC.

MEETINGS AND QUORUM

i. Meetings shall be held not less than four (4) times a year and as and when required during the financial year.
ii. The quorum for a meeting shall be at least two (2) Committee members.
iii. Attendance of other Directors and employees at any particular ARMC Meeting will be at the invitation of the ARMC.
iv. The presence of the External Auditor for a meeting will be requested if required.

SECRETARY

The Secretary of the Committee shall be the Head of the Audit and Risk Department of the Company and as a reporting procedure, the minutes shall be circulated to all members of the Board.

AUTHORITY

The ARMC is authorised by the Board to:-
i. Investigate any activity within its terms of reference;
ii. Seek any information it requires from the employees of Mesiniaga Berhad for the purpose of discharging its functions and responsibilities;
iii. Obtain legal or other independent professional advice;

Audit and Risk Management Committee

iv. Ensure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
v. Have full and unrestricted access to any information and documents pertaining to Mesiniaga Berhad;
vi. Convene meetings with the Head of Internal Audit and Risk without the presence of the Senior Management staff whenever deemed necessary; and
vii. Meet with the External Auditor at least once (1) a year without the presence of the Senior Management Team and when necessary, without the Internal Audit staff to provide an avenue for the External auditor to express any concerns, including areas related to their ability to perform work without restraint or interference.

DUTIES AND RESPONSIBILITIES

A. Audit Functions

1. Financial Reporting

To review the quarterly and annual financial statements of Mesiniaga Berhad for recommendation to the Board of Directors for release to Bursa Securities accordingly, with particular focus on:-

i. Changes in or implementation of accounting policies and practices;
ii. Significant adjustment arising from the audit;
iii. Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
iv. Going concern assumption; and
v. Compliance with accounting standards and other legal requirements.

2. Internal Audit

i. To receive and review the internal audit reports together with Management's responses in ensuring that appropriate and prompt remedial actions are taken by Management to address and resolve the significant lapses in controls and procedures that are identified;
ii. To discuss and make enquiries on internal audit findings and the adequacy of the Management response to resolve those findings; and
iii. To note the significant disagreements between the Internal Audit and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings.

3. External Audit

i. To review the Audit Planning Memorandum by the External Auditor covering the nature and scope of audit planned for the financial year under review;
ii. To review the External Auditor's audit report and the significant audit findings underlying their report and the adequacy of the Management's response to resolve these findings;
iii. To evaluate the External Auditor's independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency, including non-audit services to safeguard the quality and reliability of the audited financial statements;
iv. To assess the performance of the External Auditor and make recommendations to the Board of Directors on their appointment/re-appointment, remuneration, resignation and removal;
v. To review the reasonableness of the proposed audit fees charged against the size and complexity of the Group; and
vi. To review the provision of non-audit services by the External Auditor for recommendation to the Board of Directors for approval.

Audit and Risk Management Committee

4. **Internal Audit Department**
   i. To review and approve the Internal Audit Charter;
   ii. To review and approve the risk-based audit plan, internal audit budget and resource plan;
   iii. To review the updates on the Audit Plan in respect of the changes to the plan and timeline;
   iv. To ensure the adequacy of the scope of audit and addressing resource and scope limitations;
   v. To deliberate on internal audit reports and recommendations raised, and ensuring the implementation of the recommendations;
   vi. To establish a mechanism to assess the performance and effectiveness of the Internal Audit function; and
   vii. To communicate reports of investigations to the Board, where appropriate.

5. **Related Party Transaction**
   To review the related party transactions and conflict of interest situations within the Group if such transaction is transacted.

B. Risk Management Functions

1. **Business Risk**
   i. To lead the Group's strategic direction in the Management of the Group's business risks;
   ii. To set reporting guidelines for management to report to the Committee on the effectiveness of the Group's management of its business risks; and
   iii. To ensure adequate infrastructure, resources and systems are in place for effective risk and internal control management.

2. **Risk Management Framework**
   i. To oversee the establishment, maintenance and implementation of a risk management framework which identifies, assesses, manages and monitors the Group's business risks; and
   ii. To review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

3. **Risk Management Policy**
   i. To oversee and recommend the risk management policies of the Group; and
   ii. To review and recommend changes as needed to ensure that the Group has in place at all times risk management policies which address the strategic, operational, financial and compliance risk.

4. **Risk Profiles**
   i. To review the Group and its subsidiaries' risk profiles and evaluate the effectiveness of the measures taken to mitigate the business risks; and
   ii. To review and deliberate the quarterly risk profile report.

5. **Others**
   i. To ensure that all governance instruments are reviewed and updated continuously to reflect changes in the operating environment;
   ii. To review the Statement on Risk Management and Internal Control (SORMIC) of the Group for inclusion in the Annual Report; and
   iii. To be updated on any ISO certification changes and development on Mesiniaga ISO 9001:2015 Certification.

Audit and Risk Management Committee

REPORTING TO THE BOARD

The Committee shall report to the Board following each meeting. The report will cover on the matters as set out in the Committee's duties and responsibilities.

ACCESS TO INFORMATION

The Committee can seek information directly from the Group's employees or external party, including the Group's auditors and other professional advisers.

REVIEW

The Terms of Reference shall be reviewed on an annual basis to ensure that it reflects current best practice in corporate governance and risk management. Board approval is required for any changes in the Terms of Reference.

AUDIT & RISK MANAGEMENT COST

The total costs incurred by Audit and Risk Management Department in 2022 amounted to RM311,382 against RM226,950 in 2021 comprising of mainly salaries, training and benefits.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established by the Board of Directors (the Board) with the primary objective to assess the effectiveness of the Board on an ongoing basis and to recommend the Board the remuneration of the Executive Directors.

The NRC is pleased to present the NRC report for the financial year ended 31 December 2022 in compliance with paragraph 15.08A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

COMPOSITION OF THE NRC

Voon Seng Chuan
Chairman, Independent Non-Executive Director

Fathil Ismail
Member, Non-Independent Non-Executive Director

Sim Hong Kee
Member, Independent Non-Executive Director

Rosmawati Haron
Secretary

NUMBER OF NRC MEETING AND DETAILS OF ATTENDANCE

Directors	20.01.2022	17.02.2022	21.02.2022	23.03.2022	20.05.2022
Voon Seng Chuan	✓	✓	✓	✓	✓
Fathil Ismail	✓	✓	✓	✓	✓
Sim Hong Kee	✓	✓	✓	✓	✓

TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

PURPOSE

The Nomination and Remuneration Committee (NRC) was established by the Board of Directors with the primary objective to assess the effectiveness of the Board on an on-going basis and to recommend the Board the remuneration of the Executive Directors.

SIZE AND COMPOSITION

i. The Nomination and Remuneration Committee shall be appointed by the Board of Directors of Mesiniaga from amongst their members.
ii. The Committee shall consist of not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom shall be Independent Directors.
iii. The Chairperson of the Committee shall be an Independent Director.

Nomination and Remuneration Committee

MEETINGS AND QUORUM

i. Meetings shall be held at least once (1) a year.
ii. The quorum for a meeting shall be at least two (2) committee members.

SECRETARY

The Secretary of the Nomination and Remuneration Committee shall be the Head of Human Resources Department of the Company and as a reporting procedure, the minutes shall be circulated to all members of the Board.

AUTHORITY

The Nomination and Remuneration Committee is empowered to review and make recommendations for membership to the Board. The Committee also reviewed the performance and remuneration of Executive Directors and make recommendations to the Board on an annual basis. In relation to the remuneration of the Non-Executive Directors, the Committee reviews the remuneration package by comparing with peer companies and make recommendations to the Board.

DUTIES AND RESPONSIBILITIES

i. Administer the selection and assessment of Directors.
ii. Ensuring that Board composition meets the needs of the Company.
iii. Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.
iv. Assess and recommend to the Board the candidature of Directors, appointment of Directors to Board Committees, review of Board's succession plans and training programmes for the Board.
v. Establish formal and transparent remuneration policies and procedures to attract and retain Directors.
vi. Review the performance of Executive Directors based on KPIs.
vii. Perform other related duties as directed by the Board of Directors.

Other Information Required

By the Listing Requirements of Bursa Securities Malaysia Berhad

UTILISATION OF PROCEEDS

No funds were raised by the Company from any corporate proposal during the financial year.

NON-AUDIT FEES

An amount of RM40,000 was paid for tax services provided by PwC Taxation Services Sdn. Bhd.

MATERIAL CONTRACTS

There was no material contract by the Company and its subsidiaries involving Directors or substantial shareholders' interest during the financial year.

CONTRACTS RELATING TO LOAN

There was no contract relating to a loan by the Company during the financial year.

CONFLICT OF INTEREST

Unless otherwise disclosed, the Directors were not aware of any conflict of interest among the directors with the Company, existing at the end of the financial year 2022.

EMPLOYEES SHARE OPTION SCHEME

The Company did not implement any employee share options scheme in the financial year 2022.

INTERNAL AUDIT EXPENSES

The costs incurred for the internal audit function in respect of financial year 2022 was RM311,382.

FINANCIAL STATEMENTS

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Wan Mohamed Fusil bin Wan Mahmood
Voon Seng Chuan
Fathil Sulaiman bin Ismail
Sim Hong Kee
Datuk Noor Azian binti Shaari
Dato' Darawati Hussain
Zaim Husni bin Omar

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

PRINCIPAL ACTIVITIES

The Group and the Company are principally involved in the sale of information technology products and services. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
- Owners of the Company	6,508	4,658
- Non-controlling interest	184	0
Net profit for the financial year	6,692	4,658

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Directors' Report (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by 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 or any of its subsidiaries a party to any arrangements whose object was 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

During the financial year, the Group and the Company maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors and Officers Liability Insurance effected for each of the Directors and Officers of the Group was RM30,000,000 at any one claim and under investigation under all insuring agreements combined.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2022 '000	Bought '000	Sold '000	At 31.12.2022 '000
Datuk Wan Mohamed Fusil bin Wan Mahmood[(1)]	3,470	0	0	3,470
Fathil Sulaiman bin Ismail	7,748	0	0	7,748
Voon Seng Chuan	309	0	0	309

[(1)] Including interests held under nominee accounts with CIMB Islamic Trustee Berhad and CGS-CIMB Nominees (Tempatan) Sdn. Bhd.

Directors' Report (continued)

DIVIDEND

The dividend on ordinary shares declared and paid by the Company since 31 December 2021 is as follows:

	RM'000
In respect of the financial year ended 31 December 2022	
- Interim single-tier dividend of RM0.05 per share paid on 26 May 2022	3,020

A final single-tier dividend payment of RM0.05 per share amounting to RM3,020,100 in respect of the financial year ended 31 December 2022 has been proposed by the Directors, subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting. The final single-tier dividend, if approved, will be paid on 3 July 2023.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 6 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) 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 of the Group and of the Company had been written down to an amount which the current assets might be expected to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render the amounts written off for bad debts or the amount of the allowance for impairment losses in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

  (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

  (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

  (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

Directors' Report (continued)

OTHER STATUTORY INFORMATION (CONTINUED)

(d) No contingent or other liability of any company in the Group 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 Company and its subsidiaries to meet their obligations when they fall due.

(e) 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 of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

Directors' Report (continued)

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 23 March 2023. Signed on behalf of the Board of Directors:

DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD
DIRECTOR

SIM HONG KEE
DIRECTOR

Kuala Lumpur

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Wan Mohamed Fusil bin Wan Mahmood and Sim Hong Kee, two of the Directors of Mesiniaga Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 69 to 136 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and financial performance of the Group and of the Company for the financial year ended 31 December 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 March 2023.

DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD
DIRECTOR

SIM HONG KEE
DIRECTOR

Kuala Lumpur

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Ariffin bin Abd Majid, the Officer primarily responsible for the financial management of Mesiniaga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 136 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ARIFFIN BIN ABD MAJID
OFFICER
MIA No. CA 43071

Subscribed and solemnly declared by the above named, Ariffin bin Abd Majid at Kuala Lumpur, Malaysia on 23 March 2023.

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

To The Members Of Mesiniaga Berhad
(Incorporated In Malaysia)
(Registration No. 198101013112 (79244-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Mesiniaga Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their 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.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 136.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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 of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To The Members Of Mesiniaga Berhad (continued)
(Incorporated In Malaysia)
(Registration No. 198101013112 (79244-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
During the financial year ended 31 December 2022, the Group and Company recognised revenues amounting to RM292.9 million and RM286.9 million respectively (2021: RM240.2 million and RM234.8 million). We focused on this area as there are judgements involved in arriving at the quantum and timing of revenue recognised. Certain contracts with customers with multi element arrangements may include sales of hardware, software, maintenance and support services. Judgement is exercised in determining the number of distinct performance obligations included within these contracts with customers. Allocation of transaction price to the identified performance obligations based on the stand-alone selling prices. Judgement is exercised in determining the appropriate estimation of costs. The timing of revenue recognition may differ from the timing of billing to customers. When the services rendered by the Group and Company exceed the payment, a contract asset is recognised. Judgement is exercised in anticipating the timing between recognition of revenue and billings to the customers which may subsequently change due to specific risks and performance of the actual contract terms. As at 31 December 2022, the Group and Company had recognised contract assets amounting to RM58.2 million (2021: RM51.4 million). As a result of the above conditions, we regard revenue recognition from contracts with customers as a key audit matter for the Group and Company.	We performed the following audit procedures: We read and understood the key terms and conditions of significant contracts with customers containing multiple performance obligations; We obtained an understanding of the process surrounding customer acceptance and the acceptance of letters of award; We tested the operating effectiveness of controls over the approval of customer contracts and budgets including the estimation of cost in determining the stand-alone selling price and management's assessment of the allocation of transaction price between various performance obligations; We have also obtained management's assessment of the identification of separate performance obligations over significant customer contracts with bundling arrangements and sighted to customer contracts on a sampling basis; We tested the amount of allocated transaction price and revenue recognised (services, hardware, MB Cloud and software) to acceptance documents from customers and/or service delivery periods based on contractual terms; We have obtained management's assessment of expected billings for contract assets and checked against the billing terms in the contract on sampling basis. Held discussions with project managers to corroborate the project milestones used in determining the timing of expected billings against project reports; We have tested the appropriateness of non-standard manual journal entries made to the revenue accounts by assessing the basis for the journals and reviewing supporting documents; We did not identify any material exceptions from performing the procedures above.

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 Management Discussion and Analysis, Five-Year Performance Statistics, Corporate Governance Overview Statement, Statement of Directors' Responsibility in Relation to Financial Statements, Statements on Risk Management and Internal Control, Audit and Risk Management Committee, Nomination and Remuneration Committee, Other Information Required by the Listing Requirement of Bursa Securities, Directors' Report and other sections of the 2022 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

Independent Auditors' Report

To The Members Of Mesiniaga Berhad (continued)
(Incorporated In Malaysia)
(Registration No. 198101013112 (79244-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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

If, based on the work we have performed, 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 the financial statements of the Group and of 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 of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

To The Members Of Mesiniaga Berhad (continued)
(Incorporated In Malaysia)
(Registration No. 198101013112 (79244-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(d) 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 on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

(f) 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.

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 of the Company for the current financial year 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.

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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SUBATHRA A/P GANESAN
03020/08/2024 J
Chartered Accountant

Kuala Lumpur
23 March 2023

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	5	292,919	240,189	286,897	234,781
Changes in inventories of finished goods		(4,349)	4,148	(5,255)	5,540
Finished goods purchased		(127,299)	(89,952)	(121,737)	(86,532)
Information technology services purchased		(69,529)	(64,949)	(86,751)	(79,299)
Staff cost	6	(77,442)	(72,908)	(62,661)	(58,227)
Depreciation and amortisation		(1,737)	(2,013)	(1,597)	(1,867)
Travelling expenses		(1,598)	(1,130)	(1,159)	(975)
Administrative expenses		(5,076)	(4,624)	(4,794)	(4,442)
Other operating expenses		(1,553)	(1,038)	(1,330)	(829)
Write down of inventory		0	(1,989)	0	(1,818)
Net reversal losses on financial and contract assets		670	537	670	533
Other operating income		260	6	798	294
Other gains/(losses)		1,157	(183)	1,157	(183)
Profit from operations		6,423	6,094	4,238	6,976
Finance cost	8	(677)	(377)	(674)	(374)
Finance income	8	688	542	555	463
Profit before taxation and zakat	7	6,434	6,259	4,119	7,065
Taxation and zakat	9	258	(783)	539	(705)
Profit for the financial year		6,692	5,476	4,658	6,360
Other comprehensive income:					
Item that will not be reclassified to profit or loss:					
Actuarial gain/(loss) on defined benefit plan (net of tax)	23	1,846	(3,699)	1,846	(3,699)
Total comprehensive income for the financial year		8,538	1,777	6,504	2,661
Profit for the financial year attributable to:					
Equity holders of the Company		6,508	5,469	4,658	6,360
Non-controlling interests		184	7	0	0
Profit for the financial year		6,692	5,476	4,658	6,360
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		8,354	1,770	6,504	2,661
Non-controlling interests		184	7	0	0
Total comprehensive income for the financial year		8,538	1,777	6,504	2,661
Basic/Diluted earnings per share (sen)	10	10.77	9.05		

The notes on pages 76 to 136 are an integral part of these financial statements.

Statements of Financial Position

As At 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	35,871	36,753	35,602	36,449
Intangible assets	12	0	0	0	0
Investment in subsidiaries	13	0	0	1,798	1,798
Investment in joint venture	14	0	0	0	0
Finance lease receivables	19	4,719	1,106	4,719	1,106
Trade and other receivables	17	3,364	3,629	3,364	3,629
Contract assets	18	3,034	1,009	3,034	1,009
Deferred tax assets	15	1,267	1,322	1,000	1,000
TOTAL NON-CURRENT ASSETS		48,255	43,819	49,517	44,991
Current assets					
Inventories	16	9,045	13,393	5,609	10,864
Trade and other receivables	17	63,514	56,531	60,010	54,853
Finance lease receivables	19	2,707	2,271	2,707	2,271
Contract assets	18	55,138	50,466	55,138	50,466
Tax recoverable		157	233	0	0
Deposits with licensed financial institutions	20	25,033	13,579	18,519	9,091
Cash and bank balances	20	31,709	41,118	29,448	34,859
TOTAL CURRENT ASSETS		187,303	177,591	171,431	162,404
TOTAL ASSETS		235,558	221,410	220,948	207,395

The notes on pages 76 to 136 are an integral part of these financial statements.

Statements of Financial Position

As At 31 December 2022 (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	64,528	64,528	64,528	64,528
Retained earnings		48,516	45,028	37,374	35,736
Retirement benefit reserves		(2,229)	(4,075)	(2,229)	(4,075)
		110,815	105,481	99,673	96,189
Non-controlling interests	13	7,276	7,092	0	0
Total equity		118,091	112,573	99,673	96,189
Non-current liabilities					
Post-employment benefit obligations	23	3,680	5,879	3,680	5,879
Lease liabilities	24	4,201	483	4,177	432
Borrowings	22	578	908	578	908
TOTAL NON-CURRENT LIABILITIES		8,459	7,270	8,435	7,219
Current liabilities					
Trade and other payables	21	78,655	77,722	82,513	80,203
Lease liabilities	24	1,850	1,413	1,824	1,387
Contract liabilities	18	21,659	13,700	21,659	13,665
Borrowings	22	6,769	8,632	6,769	8,632
Tax payable		75	100	75	100
TOTAL CURRENT LIABILITIES		109,008	101,567	112,840	103,987
TOTAL LIABILITIES		117,467	108,837	121,275	111,206
TOTAL EQUITY AND LIABILITIES		235,558	221,410	220,948	207,395

The notes on pages 76 to 136 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2022

Group	Note	Attributable to owners of the parent: Issued and fully paid ordinary shares: Number of shares '000	Share capital RM'000	Retirement benefit reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2022		60,402	64,528	(4,075)	45,028	105,481	7,092	112,573
Income for the financial year		0	0	0	6,508	6,508	184	6,692
Other comprehensive income for the financial year		0	0	1,846	0	1,846	0	1,846
Total other comprehensive income for the financial year		0	0	1,846	6,508	8,354	184	8,538
Dividend paid	27	0	0	0	(3,020)	(3,020)	0	(3,020)
At 31 December 2022		60,402	64,528	(2,229)	48,516	110,815	7,276	118,091
At 1 January 2021		60,402	64,528	(376)	39,559	103,711	7,085	110,796
Income for the financial year		0	0	0	5,469	5,469	7	5,476
Other comprehensive loss for the financial year		0	0	(3,699)	0	(3,699)	0	(3,699)
Total other comprehensive (loss)/income for the financial year		0	0	(3,699)	5,469	1,770	7	1,777
At 31 December 2021		60,402	64,528	(4,075)	45,028	105,481	7,092	112,573

The notes on pages 76 to 136 are an integral part of these financial statements.

Company Statement of Changes in Equity

For The Financial Year Ended 31 December 2022

		Attributable to owners of the parent				
		Issued and fully paid ordinary shares				
Company	Note	Number of shares '000	Share capital RM'000	Retirement benefit reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2022		60,402	64,528	(4,075)	35,736	96,189
Income for the financial year		0	0	0	4,658	4,658
Other comprehensive income for the financial year		0	0	1,846	0	1,846
Total other comprehensive income for the financial year		0	0	1,846	4,658	6,504
Dividend paid	27	0	0	0	(3,020)	(3,020)
At 31 December 2022		60,402	64,528	(2,229)	37,374	99,673
At 1 January 2021		60,402	64,528	(376)	29,376	93,528
Income for the financial year		0	0	0	6,360	6,360
Other comprehensive loss for the financial year		0	0	(3,699)	0	(3,699)
Total other comprehensive (loss)/income for the financial year		0	0	(3,699)	6,360	2,661
At 31 December 2021		60,402	64,528	(4,075)	35,736	96,189

The notes on pages 76 to 136 are an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		6,692	5,476	4,658	6,360
Adjustments for:					
Taxation	9	(258)	773	(539)	695
Zakat	9	0	10	0	10
Depreciation of property, plant and equipment	11	1,737	2,013	1,597	1,867
Dividend income from subsidiary		0	0	(250)	0
Interest expense	8	677	377	674	374
Interest income	8	(688)	(542)	(555)	(463)
Retirement benefits		530	200	530	200
Net (reversal)/impairment of losses:					
- trade receivables		91	(1,126)	91	(1,122)
- contract assets		(721)	685	(721)	685
- lease receivables		(40)	(96)	(40)	(96)
Gain on net investment of sublease		(567)	(23)	(567)	(23)
Unrealised foreign exchange (gains)/losses, net		(605)	422	(606)	364
Loss on written off of property, plant and equipment		2	0	2	0
(Reversal)/Provision for inventory obsolescence		(162)	0	17	0
Write down of inventory		0	1,989	0	1,818
		6,688	10,158	4,291	10,669
Changes in working capital:					
Inventories		4,510	(6,137)	5,238	(7,358)
Intercompany balances		0	0	2,776	(871)
Trade and other receivables		(10,072)	(15,415)	(8,443)	(16,645)
Contract assets		(5,976)	(17,836)	(5,976)	(17,835)
Trade and other payables		5,453	29,474	4,502	30,011
Contract liabilities		7,959	699	7,994	664
Cash generated from/(used in) operations		8,562	943	10,382	(1,365)
Retirement benefits paid		(300)	0	(300)	0
Tax paid		(219)	(197)	(69)	0
Zakat paid		0	(10)	0	(10)
Net cash generated from/(used in) operating activities		8,043	736	10,013	(1,375)

The notes on pages 76 to 136 are an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2022 (continued)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(857)	(843)	(751)	(820)
Interest received		509	355	375	275
Withdrawal of/(investment) in deposits maturing more than three months		0	2,855	0	(147)
Net cash (used in)/generated from investing activities		(348)	2,367	(376)	(692)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders		(3,020)	0	(3,020)	0
Repayment of lease liabilities		(118)	(188)	(90)	(162)
Interest paid on lease liabilities		(8)	(16)	(6)	(13)
Drawdown of borrowings	22	20,808	21,502	20,808	21,502
Repayment of borrowings	22	(22,671)	(18,020)	(22,671)	(18,020)
Interest paid on borrowings	22	(558)	(189)	(558)	(189)
Repayment of term loan	22	(330)	(330)	(330)	(330)
Interest paid on term loan	22	(44)	(52)	(44)	(52)
(Increase)/Drawdown in restricted deposits		(2,887)	3,291	(2,887)	3,291
Net cash (used in)/generated from financing activities		(8,828)	5,998	(8,798)	6,027
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,133)	9,101	839	3,960
EFFECT OF FOREIGN EXCHANGE TRANSLATION		291	0	291	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		53,127	44,026	42,380	38,420
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	20	52,285	53,127	43,510	42,380

The notes on pages 76 to 136 are 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 limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The principal activities of the Group and of the Company are sale of information technology ("IT") products and services. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The address of the registered office and the principal place of business of the Company is as follows:

11th Floor, Menara Mesiniaga,
1A, Jalan SS16/1,
47500 Subang Jaya.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the significant accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The preparation of financial statements of the Group and of the Company in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on 1 January 2022:

- Amendment to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'
- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

The adoption of the above amendments have no significant impact to the Group and the Company.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards and amendments that have been issued but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2022. None of these is expected to have a significant effect on the consolidated financial statements of the Group and of the Company, except the following set out below:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

  The amendments to MFRS 112 are not expected to have material impact to the Group and the Company.

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

  The amendments to MFRS 16 are not expected to have material impact to the Group and the Company.

- There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendment, 'Classification of liabilities as current or non-current' clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date.

  The second amendment, 'Non-current Liabilities with Covenants' specifies that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

  The amendments shall be applied retrospectively.

  The amendments to MFRS 101 are not expected to have material impact to the Group and the Company.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Joint ventures

The Group's interests in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture, and the Group's share of movements in other comprehensive income of the joint venture. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION (CONITNUED)

(b) Joint arrangements (continued)

Joint ventures (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2.3 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments. There is only one reportable segment based on the information reviewed by the Chief Executive Officer.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements of the Group and the Company are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. All other foreign exchange gains and losses are presented in profit or loss on a net basis.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, at the following annual rates:

Building	2%
Office equipment, furniture and fittings	7% - 33%
Motor vehicle	25%

At the end of the reporting period, the Group and the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.8 on impairment of non-financial assets.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INTANGIBLE ASSET

Costs associated with maintaining internally developed software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Company are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as and when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Internally developed software development costs recognised as assets are amortised from the point at which the asset is ready for use on a straight-line basis over their estimated useful lives, which does not exceed 5 years.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL ASSETS

(a) Classification

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risk and rewards of ownership.

(c) Measurement

Initial recognition

At initial recognition, the Group and the Company measures financial assets at their respective fair values, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Group's and the Company's business model for managing the financial assets and the cash flow characteristics of the assets. The Group and the Company measures its financial assets at amortised cost.

Interest income from financial assets is included in finance income using the effective interest rate method. Any gain or loss is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(d) Impairment

The Group and the Company assess on a forward-looking basis, the expected credit losses ('ECL') associated with its debt instruments carried at amortised cost and at fair value through comprehensive income ('FVOCI') and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have five types of financial instruments that are subjected to the ECL model:

- Trade and other receivables
- Finance lease receivables
- Loans to subsidiaries and amount due from subsidiaries
- Amount due from a related party
- Contract assets

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL ASSETS (CONTINUED)

(d) Impairment (continued)

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of the cash flows the Group and the Company expected to receive, over the remaining life of the financial instruments.

The measurement of ECL reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(ii) the time value of money; and
(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, contract assets and finance lease receivables, the Group and the Company apply the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For non-trade receivables which comprise of other receivables, loan to subsidiaries, amount due from subsidiaries and amount due from a related party, at each reporting date the Group and the Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments have not increased significantly since initial recognition.

The Group and the Company use the three stages approach for non-trade receivables which reflect their credit risk and how the loss allowances are determined for each of those stages. Summary of the assumptions underpinning the Group's and the Company's ECL model for non-trade receivables are as follows:

Type of non-trade receivables	Stage 1: Low credit risk (12-month ECL Model)	Stage 2: Significant increase in credit risk (Lifetime ECL Model)	Stage 3: Credit impaired (Lifetime ECL Model)
Loan to subsidiaries, amount due from subsidiaries and amount due from a related party	Subsidiaries and related party have a low risk of default and a strong capacity to meet contractual cash flows where there is positive operating cash flows or in net tangible assets.	Subsidiaries and related party for which there is a significant increase in credit risk where it is in negative operating cash flows or in net tangible liabilities.	There is evidence indicating the asset is credit-impaired where the subsidiaries and related party is dormant and in net tangible liabilities.
Deposits	Active contracts.	Inactive contracts and amounts outstanding less or equal to 6 months.	Inactive contracts and amounts outstanding more than 6 months.
Staff loans/advances	Current employees.	Ex-employees with default in payment less than 360 days.	Ex-employees with default in payment more than 360 days.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL ASSETS (CONTINUED)

(d) Impairment (continued)

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition taking into consideration reasonable and supportable forward-looking information.

A significant increase in credit risk is determined if a debtor is more than 90 days past due in making a contractual payment, which the Group and the Company determined based on historical repayment trends before risk of default is heightened.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due and the debtor has significant financial difficulties or is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

For certain categories of financial instruments such as trade receivables and contract assets, balances that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics according to the customers' industries and the days past due. The contract assets relate to unbilled revenue mainly from entities in the information, communication, telecommunication and utilities industries, and have substantially the same risk characteristics as the trade receivables. The Group and the Company therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables, other receivables and deposits, and contract assets, that are in default or credit-impaired are assessed individually. Loans to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL ASSETS (CONTINUED)

(d) Impairment (continued)

Write off

Financial assets are written off when the Group and the Company have exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

Impairments are presented as net impairment losses within operating profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.10 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs, which include purchase price and other incidental charges, are assigned to individual items of inventory on the basis of weighted average cost. Costs of purchased inventory are inclusive of government taxes which are Sales and Service Tax (SST). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale. Project inventories are stated at cost plus incidental charges.

2.12 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value. The restricted cash are held as fixed deposit in the banks. These deposits are subject to term and conditions of the bank borrowings and are not available for general use by the Group and the Company.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 SHARE CAPITAL

(a) Classification

Ordinary shares are classified as equity.

(b) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(c) Earnings per share

<u>Basic earnings per share</u>

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.

(ii) by the weighted average number of ordinary shares outstanding during the financial year.

<u>Diluted earnings per share</u>

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

(i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

(ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.14 BORROWINGS AND BORROWING COSTS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 BORROWINGS AND BORROWING COSTS (CONTINUED)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

2.15 CURRENT AND DEFERRED INCOME TAX

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries or joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 EMPLOYEE BENEFITS

(a) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Post-employment pension benefits

The Group and the Company has various post-employment pension benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group and the Company pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

<u>Defined contribution plans</u>

The Group's and the Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

<u>Defined benefit plans</u>

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated once in every three years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in the profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 EMPLOYEE BENEFITS (CONTINUED)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognises termination benefits at the earlier of the following dates: (a) when the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17 PROVISIONS

Provisions are recognised when the Group and the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

When the Group and the Company expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

2.18 REVENUE RECOGNITION

Revenue which represents income arising in the course of the Group's and of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer. Revenue arises mainly from the sales of network hardware and software, maintenance services, extended warranty services, consulting and IT services.

<u>Revenue from contracts with customers</u>

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of estimated returns, discounts, commissions, rebates and taxes. Discounts and rebates are measured using the most likely amount and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Transaction price is allocated to each performance obligation on the basis of the estimated stand-alone selling prices of each distinct goods or services promised in the contract. The stand-alone selling prices are determined based on the observable price. For goods and services with no observable price available, the Group and the Company estimate stand-alone selling prices using cost plus expected margin approach. Depending on the substances of the respective contract with the customer, revenue is recognised when the performance obligation is satisfied, which may be at point in time or over time. Customers are invoiced based on milestones in the contracts. Any amounts remaining unbilled at the end of the reporting period are presented in the statement of financial position as contract assets as the right to consideration in exchange for goods or services that the entity has transferred to a customer is conditional in accordance with the contract terms.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

Costs that are incremental to obtaining a contract shall be recognised as an asset if the Group and the Company expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(a) Sales of hardware and software

Revenue from the sale of hardware shall be recognised when control over the hardware is transferred to the customer at a point in time. For hardware sales, transfer of control is usually deemed to occur upon delivery of products and customer acceptances.

Revenue recognition for software depend on whether the software licenses are perpetual or term based. Perpetual licenses are provided to the customer at a point in time, activated or ready to be activated by the customer at a later stage, therefore revenue is recognised when the customer obtains control of the software.

Term-based software licenses typically include multiple performance obligations where the licenses are recognised upfront upon transfer of control with the associated software maintenance revenue recognised on a straight-line basis over the respective contract period. Where the bundled maintenance services are essential for the continued functionality of the software, they are recognised as a single performance obligation with the license. Revenue is then recognised over time as control transfers over the period.

(b) Rendering of services

Revenue arising from the rendering of services includes support and maintenance services, managed services, extended warranty, and other services.

The Group and the Company enter into fixed price support and maintenance services, managed services and extended warranty contracts with its customers for terms between one and five years in length. Revenue for support and maintenance services, and extended warranties are recognised on a straight-line basis over the term of the contract. This method best depicts the transfer of services to the customer as there is no reliable prediction that can be made as to if and when any individual customer will require the service.

Revenue for other services such as consultation services is recognised as the services are delivered. The costs incurred in delivering recurring services are recognised as cost of sales as and when they are incurred.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

(b) Rendering of services (continued)

Some contracts for delivery of hardware and software include multiple deliverables, such as the installation of hardware and/or software. In most cases, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. The revenue for installation services are recognised at a point in time when the customer has accepted the installation of the hardware and/or software. In the rare case when the contract includes integration services, it is accounted for as a separate performance obligation as the level of integration required is not significant and can be performed by another party. In these cases, the transaction price will be allocated to each performance obligation based on stand-alone selling prices. Where these are not directly observable, they are estimated based on cost plus expected margin.

MB Cloud

The Group and the Company enter into fixed price MB Cloud services with its customers for terms of five to ten years in length. MB cloud services constitute a software-as-a-service (SaaS) arrangement and do not include the right for the customer to take possession of the software during the term. Therefore, it is accounted for as a distinct performance obligation to be satisfied over time. Revenue is recognised on a straight-line basis over the term of the contract as this method best depicts the transfer of services to the customer. When the contracts with customers include other identifiable performance obligations, the transaction price will be allocated to each performance obligation based on stand-alone selling price, which are estimated based on cost plus expected margin.

(c) Revenue from other sources

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised as part of other operating income in the profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets that are subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Dividend income is recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 LEASES

(a) Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

<u>Lease term</u>

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and of the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

<u>ROU assets</u>

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are not investment properties and are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 LEASES (CONTINUED)

(a) Accounting by lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar terms, securities and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost during the year in the statement of comprehensive income.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise photocopy machine, multi-functional printer and water dispenser. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(b) Accounting by lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 LEASES (CONTINUED)

(b) Accounting by lessor (continued)

Finance leases

The Group and the Company classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognise the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2.9 on impairment of financial assets). In addition, the Group and the Company review regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Company revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Sublease classification

When the Group or the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lessee, not with reference to the underlying asset.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Company allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15. A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 CONTINGENT ASSETS AND LIABILITIES

The Group and the Company do not recognise contingent assets and liabilities other than those arising from business combinations but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.21 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowances. See accounting policy Note 2.9 on impairment of financial assets.

2.22 TRADE PAYABLES

Trade payables represent liabilities for goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities if payment is due within 12 months after the reporting period. Otherwise, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and assumptions

(a) Revenue recognition for contracts with customers

Identification of performance obligation

Certain contracts with customers are bundled packages that may include sales of solution services, hardware, software and maintenance and support services. The Group and the Company account for individual products and services as separate performance obligations if they are distinct promises of goods and services, i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it separately. The Group and the Company exercise judgement to identify if products and services within the bundled package are distinct performance obligations.

Allocation of transaction price to the identified performance obligations

The Group and the Company use estimates and judgements in determining the amount and timing of revenue recognised, particularly for the allocation of transaction price to the performance obligations identified under the contract by referring to their stand-alone selling prices. Revenue for solutions services are recognised over time based on cost plus expected margin under the input method. This method is dependent on the estimated cost of each performance obligation in the contract. The Group and the Company exercise judgement when determining the appropriate estimation of costs that best reflects the progress of completion and are aligned with key acceptance stages identified within the contracts.

Revenue recognition criteria in accordance with MFRS 15

All required criteria under MFRS 15 must be met before the Group and the Company recognise revenue from contracts with customers. The Group and the Company apply judgements when assessing the timing and certainty of revenue and cash flows from contracts. The assessment is based on the customers' credit standing and other relevant information gathered by management. This assessment may change during the contract execution, and if there is evidence of change in the timing and certainty of revenue and cash flows from contract, then under MFRS 15 no revenue shall be recognised until the recognition criteria is met. Conversely, this assessment may also change favourably over time.

(b) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of sales volume, operating costs, capital expenditure and other capital management transactions. Based on the uncertainty of utilisation of available tax losses and capital allowances, the Directors have assessed that deferred tax assets will be recognised up to the extent that there is probable taxable profit of which these deferred tax assets will be utilised.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions (continued)

(c) Measurement of expected credit loss ('ECL') allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in Note 4 to the financial statements.

4 FINANCIAL RISK MANAGEMENT

4.1 FINANCIAL RISK FACTORS

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall financial risk management objectives are to ensure that the Group and the Company creates value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses. The Group and the Company operates within clearly defined guidelines approved by the Board of Directors and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. Financial risk is managed by the Chief Executive Officer and the respective key management personnel who in turn report to the Board of Directors on any significant risks and the resolution or mitigation of those risks.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken unless it is appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

(i) Foreign exchange risk

The Group and the Company operate locally but some of its cost is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US Dollar denominated borrowings and payables to suppliers. The Group's and the Company's policy is to minimise the exposure of transaction risk by making payments within credit terms which are short-term in nature.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table illustrates the impact on the profit for the year, equity and net assets resulting from currency sensitivities as at 31 December 2022, if Ringgit Malaysia had weakened/strengthened by 1% against the US dollar with other variables held constant.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Increase)/Decrease on profit for the year				
1 percent increase in US Dollar exchange rate	(142)	(22)	(141)	(21)
1 percent decrease in US Dollar exchange rate	142	22	141	21

(ii) Interest rate risk

The Group's and the Company's income and operating cash flows' exposure to changes in interest rate risk relates primarily to the Group's and the Company's bank borrowings.

Interest rate risk exposure arises from the Group's and the Company's borrowings as they are carried at floating interest rates. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

As at the financial year end, the Group and the Company have no significant exposure to interest rate risk. The Directors believe that a reasonable fluctuation in the interest rate would not cause any material effect to the Group's and the Company's profit.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate profile of the Group's and of the Company's interest bearings financial assets and liabilities based on carrying amount as at the end of the reporting periods are shown in the table below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial asset				
Fixed rate – deposits with financial institutions	25,033	13,579	18,519	9,091
Financial liabilities				
Floating rate – term loan	908	1,238	908	1,238
Fixed rate – banker acceptance	6,439	8,302	6,439	8,302
Fixed rate – lease liabilities	6,051	1,896	6,001	1,819

Other financial assets and financial liabilities are non-interest bearing and therefore are not affected by changes in interest rates.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group and the Company. At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

As disclosed in Note 2.9, the Group and the Company had applied simplified approach for trade receivables including contract assets and three stages approach for all other non-trade receivables including amounts due from subsidiaries. The summary of the assumptions underpinning the Group's and the Company's ECL model for non-trade receivables are disclosed in Note 2.9 to the financial statements.

Measurement of Expected Credit Loss ("ECL")

(i) Trade receivables, contract assets and lease receivables

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's and of the Company's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit for a certain amount, adherence to credit limits, regular monitoring and follow up procedures.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(i) Trade receivables, contract assets and lease receivables (continued)

The Group's and the Company's customers are mainly significant entities in the information, communication, telecommunication and utilities industries. At the reporting date, the Group and the Company has significant concentration of credit risk that may arise from exposure to two (2021: two) major customers which accounted for 45% (2021: 32%) of the trade receivables. The Group and the Company considers the risk of material loss in the event of non-performance by these two customers to be unlikely.

The credit quality of trade receivables that are not past due can be assessed by reference to historical information about counterparty default rates. Contract assets represent unbilled value of goods delivered and services rendered to be billed in accordance with respective terms and conditions agreed with customers. Credit risk arising from non-trade receivables is not significant at the Group and the Company level.

None of the trade receivables were secured by collateral provided by the counterparties.

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and lease receivables.

To measure the expected credit losses, trade receivables, contract assets and lease receivable have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 2 years before 31 December 2022, and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(i) Trade receivables, contract assets and lease receivables (continued)

On that basis, the loss allowance as at 31 December 2022 was determined as follows for trade receivables, contract assets and lease receivables:

	Current RM'000	1 – 180 days past due RM'000	> 180 days past due RM'000	Total RM'000
Group				
31 December 2022				
Expected loss rate	0%-1%	0%-1%	1%-5%	
Gross carrying amount				
– trade receivables	31,741	18,169	1,021	50,931
– contract assets	58,507	0	0	58,507
– lease receivables	7,440	0	0	7,440
Loss allowance	(456)	(73)	(18)	(547)
Carrying amount (net of loss allowance)	97,232	18,096	1,003	116,331
Company				
31 December 2022				
Expected loss rate	0%-1%	0%-1%	1%-5%	
Gross carrying amount				
– trade receivables	29,596	17,751	1,021	48,368
– contract assets	58,507	0	0	58,507
– lease receivables	7,440	0	0	7,440
Loss allowance	(456)	(69)	(18)	(543)
Carrying amount (net of loss allowance)	95,087	17,682	1,003	113,772

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(i) Trade receivables, contract assets and lease receivables (continued)

On that basis, the loss allowance as at 31 December 2021 was determined as follows for trade receivables, contract assets and lease receivables:

	Current RM'000	1 – 180 days past due RM'000	> 180 days past due RM'000	Total RM'000
Group				
31 December 2021				
Expected loss rate	0%-3%	0%-1%	0%-3%	
Gross carrying amount				
– trade receivables	25,427	15,308	1,947	42,682
– contract assets	53,382	0	0	53,382
– lease receivables	3,430	0	0	3,430
Loss allowance	(2,040)	(25)	(4)	(2,069)
Carrying amount (net of loss allowance)	80,199	15,283	1,943	97,425
Company				
31 December 2021				
Expected loss rate	0%-3%	0%-1%	0%-3%	
Gross carrying amount				
– trade receivables	24,610	15,200	1,944	41,754
– contract assets	53,382	0	0	53,382
– lease receivables	3,430	0	0	3,430
Loss allowance	(2,037)	(24)	(3)	(2,064)
Carrying amount (net of loss allowance)	79,385	15,176	1,941	96,502

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(i) Trade receivables, contract assets and lease receivables (continued)

The creation and release of provision for impairment receivables have been included as a net loss on impairment in the consolidated statements of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loss allowances for trade receivables, contract assets and lease receivable as at 31 December reconcile to the opening loss allowances as follows:

	Contract assets RM'000	Trade receivables RM'000	Lease receivables RM'000
Group:			
31 December 2022			
Opening loss allowance	1,907	109	53
Increase loss allowance recognised in profit or loss during the year	0	91	0
Receivables written off during the year as uncollectible	(851)	0	0
Reversal of loss	(721)	0	(40)
Closing loss allowance	335	200	13
Company:			
31 December 2022			
Opening loss allowance	1,907	104	53
Increase loss allowance recognised in profit or loss during the year	0	91	0
Receivables written off during the year as uncollectible	(851)	0	0
Reversal of loss	(721)	0	(40)
Closing loss allowance	335	195	13

During the financial year, there has been reversal of loss allowances due to subsequent resolution with the customers and billings made thereafter.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(i) Trade receivables, contract assets and lease receivables (continued)

	Contract assets RM'000	Trade receivables RM'000	Lease receivables RM'000
Group:			
31 December 2021			
Opening loss allowance	1,222	1,235	149
Increase loss allowance recognised in profit or loss during the year	685	0	0
Receivables written off during the year as uncollectible	0	0	0
Reversal of loss	0	(1,126)	(96)
Closing loss allowance	1,907	109	53
Company:			
31 December 2021			
Opening loss allowance	1,222	1,226	149
Increase loss allowance recognised in profit or loss during the year	685	0	0
Receivables written off during the year as uncollectible	0	0	0
Reversal of loss	0	(1,122)	(96)
Closing loss allowance	1,907	104	53

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 270 days past due.

(ii) Other receivables and deposits

Credit risk for other receivables and deposits are mainly arising from rental deposits, staff advances, interest receivables from fixed deposits and receivables from government agencies.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(ii) Other receivables and deposits (continued)

Interest receivables from fixed deposits and receivables from government agencies have a low credit risks as these are receivables from credit worthy counterparty. Staff advances are provided to existing staff and credit risk are managed with salary deduction arrangements. Deposits and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst others, failure of a debtor to engage in a repayment plan with the Company and failure to make contractual payments or refunds. Nevertheless, deposits and other receivables that are written off could still be subject to enforcement activities.

The following table contains an analysis of the credit risk exposure of other receivables and deposits for which an ECL allowance is recognised. The gross carrying amount of other receivables and deposits disclosed below also represents the Group's and the Company's maximum exposure to credit risk on these assets:

	ECL rate	Basis for recognition of ECL provision	Gross RM'000	Loss allowance RM'000	Net RM'000
31 December 2022					
Group					
Performing	0%	12 months ECL	246	0	246
Not performing	100%	Lifetime ECL	0	0	0
			246	0	246
Company					
Performing	0%	12 months ECL	114	0	114
Not performing	100%	Lifetime ECL	0	0	0
			114	0	114
31 December 2021					
Group					
Performing	0%	12 months ECL	351	0	351
Not performing	100%	Lifetime ECL	0	0	0
			351	0	351
Company					
Performing	0%	12 months ECL	321	0	321
Not performing	100%	Lifetime ECL	0	0	0
			321	0	321

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(iii) Amounts due from a related party

The Group and the Company considers the amounts due from a related party to have low credit risk as the Group and the Company is able to determine the timing of payments when they are payable. The Group and the Company determines their probability of default individually using internal information available and collection received subsequent to the reporting date.

(iv) Amounts due from subsidiaries

Amounts due from subsidiaries consist of advances and amount due arising from trade activities. The Company monitors the results of the subsidiaries regularly.

The following table contains an analysis of the credit risk exposure of amounts due from subsidiaries for which an ECL allowance is recognised. The gross carrying amount due from subsidiaries below also represents the Company's maximum exposure to credit risk on these assets:

	ECL rate	Basis for recognition of ECL provision	Gross RM'000	Loss allowance RM'000	Net RM'000
31 December 2022					
Company					
Performing	0%	12 months ECL	0	0	0
Not performing	100%	Lifetime ECL	32,227	(32,227)	0
			32,227	(32,227)	0
31 December 2021					
Company					
Performing	0%	12 months ECL	0	0	0
Not performing	100%	Lifetime ECL	32,227	(32,227)	0
			32,227	(32,227)	0

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(iv) Amounts due from subsidiaries (continued)

The closing balance of allowance for amounts due from subsidiaries as at 31 December reconcile to the opening loss allowance as follows:

	Company	
	2022 RM'000	2021 RM'000
Opening loss allowance as at 1 January, as stated	32,227	32,227
Increase in the allowance recognised in profit or loss during the period	0	0
As at 31 December	32,227	32,227

(v) Deposits and bank balances

Deposits and bank balances are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from deposits and bank balances is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations. The credit quality of the financial institutions in respect of deposits and bank balances are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
AAA	42,645	47,142	33,872	36,396
AA	14,085	7,543	14,085	7,543
	56,730	54,685	47,957	43,939

The credit quality of the above deposits and bank balances are assessed by reference to ratings assigned by RAM Ratings Services Berhad.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company has sufficient cash and bank balances and maintains standby credit lines to ensure availability of funding to meet operational requirements. The Group's and the Company's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

			2022
	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
Group			
Financial Liabilities			
Trade and other payables, excluding statutory liabilities and short-term lease	75,120	75,120	0
Borrowings	7,347	6,769	578
Lease liabilities	6,051	1,850	4,201
Total undiscounted financial liabilities	88,518	83,739	4,779
Company			
Financial Liabilities			
Trade and other payables, excluding statutory liabilities and short-term lease	73,320	73,320	0
Amount due to subsidiaries	6,194	6,194	0
Borrowings	7,347	6,769	578
Lease liabilities	6,001	1,824	4,177
Total undiscounted financial liabilities	92,862	88,107	4,755

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk (continued)

			2021
	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
Group			
Financial Liabilities			
Trade and other payables, excluding statutory liabilities and short-term lease	75,621	75,621	0
Borrowings	9,540	8,632	908
Lease liabilities	1,896	1,413	483
Total undiscounted financial liabilities	87,057	85,666	1,391
Company			
Financial Liabilities			
Trade and other payables, excluding statutory liabilities and short-term lease	73,460	73,460	0
Amount due to subsidiaries	3,867	3,867	0
Borrowings	9,540	8,632	908
Lease liabilities	1,819	1,387	432
Total undiscounted financial liabilities	88,686	87,346	1,340

The Group and the Company has undrawn banking facilities amounting to RM138,745,033 (2021: RM140,221,356) as at 31 December 2022.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(d) Financial instruments by category

	2022 RM'000	2021 RM'000
Group		
Financial assets classified as amortised cost as per statement of financial position		
Trade and other receivables, excluding prepayments	58,402	46,500
Deposits, cash and bank balances	56,742	54,697
	115,144	101,197
Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position		
Trade and other payables, excluding statutory liabilities	81,171	77,036
Borrowings	7,347	9,540
	88,518	86,576
Company		
Financial assets classified as amortised cost as per statement of financial position		
Trade and other receivables, excluding prepayments	55,713	45,547
Deposits, cash and bank balances	47,967	43,950
	103,680	89,497
Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position		
Trade and other payables, excluding statutory liabilities	79,321	76,234
Amounts due to subsidiaries	6,194	3,867
Borrowings	7,347	9,540
	92,862	89,641

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 FINANCIAL RISK FACTORS (CONTINUED)

(e) Fair value estimation

Amounts that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Unadjusted quoted prices in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are not based on observable market data (Level 3).

There were no amounts measured at fair value in the statement of financial position as at 31 December 2022 and 31 December 2021. Other than as disclosed, the carrying amounts of the financial instruments are a reasonable approximation of fair value due to their relatively short-term nature or that they are floating rate instruments.

4.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position) less deposits, cash and bank balances. Total capital is calculated as 'equity' as shown in the statements of financial position plus net debt.

	2022 RM'000	2021 RM'000
The Group		
Total borrowings (Note 22)	7,347	9,540
Deposits, cash and bank balances (Note 20)	(56,742)	(54,697)
Net debt	0	0
Total equity	118,091	112,573
Total capital	118,091	112,573
Gearing ratio (%)	0	0

There were no externally imposed capital requirements during the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

5 REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
- services	142,552	139,963	142,552	139,963
- hardware and software	150,367	100,226	144,345	94,818
	292,919	240,189	286,897	234,781

Disaggregation of the Group's and of the Company's revenue from contracts with customers

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Timing of revenue recognition:				
- over time	142,552	139,963	142,552	139,963
- at point in time	150,367	100,226	144,345	94,818
	292,919	240,189	286,897	234,781

Unsatisfied long-term performance obligations

For contracts that exceeded one year, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the financial year is approximately RM120,284,467.64 (2021: RM151,888,343) and RM110,721,916.66 (2021: RM134,258,818) of which the Group and Company expect to recognise as revenue in 2023 and 2024 (2021: 2022 and 2023) respectively.

During the financial year ended 31 December 2022, the Group and Company have recognised revenue from contracts with customers amounting to RM12,205,769 (2021: RM12,147,009) that was included in the contract liability at the beginning of the reporting period.

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries, bonuses and other employment benefits	69,699	65,708	57,802	53,336
Defined contribution retirement plan	7,213	7,000	4,329	4,691
Defined benefit retirement plan (Note 23)	530	200	530	200
	77,442	72,908	62,661	58,227

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

The aggregate amount of emoluments received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration:				
Non-Executive Directors:				
- fees	300	307	300	307
- others	90	70	90	70
Executive Director:				
- salary	1,125	761	1,125	761
- other emoluments	72	73	72	73
- defined contribution plan	195	30	195	30
Total Directors' remuneration	1,782	1,241	1,782	1,241

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- audit	407	286	320	228
- non-audit	40	47	36	13
Depreciation of property, plant and equipment	1,737	2,013	1,597	1,867
Dividend income from subsidiary	0	0	(250)	0
Net realised foreign exchange (gains)/losses	(3)	(101)	(1)	5
Net unrealised foreign exchange (gains)/losses	(605)	422	(606)	364
Loss on written off property, plant and equipment	2	0	2	0
Rental expense	312	294	97	98
Rental income	(260)	(178)	(260)	(178)
(Reversal)/Provision for inventory obsolescence	(162)	0	17	0
Write down of inventory	0	1,989	0	1,818
Net (reversal)/impairment of losses:				
- trade receivables	91	(1,126)	91	(1,122)
- lease receivables	(40)	(96)	(40)	(96)
- contract assets	(721)	685	(721)	685
Gain on net investment of sublease	(567)	(23)	(567)	(23)
Management fee	0	0	(288)	(294)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

8 FINANCE INCOME/(COST)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finance income				
Interest income on:				
- deposits with licensed banks	509	355	376	276
- lease receivables	179	187	179	187
	688	542	555	463
Finance cost				
Interest expense on:				
- bank borrowings	(602)	(241)	(602)	(241)
- lease liabilities	(75)	(136)	(72)	(133)
	(677)	(377)	(674)	(374)

9 TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current taxation:				
Current financial year	194	187	90	111
Under/(Over) provision in prior year	75	41	(47)	0
	269	228	43	111
Deferred taxation (Note 15)	(527)	545	(582)	584
Tax expense	(258)	773	(539)	695
Zakat	0	10	0	10
	(258)	783	(539)	705

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

9 TAXATION (CONTINUED)

The reconciliation of income tax expense applicable to profit before taxation at Malaysian statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation and zakat	6,434	6,259	4,119	7,065
Taxation calculated at the applicable Malaysian tax rate of 24% (2021: 24%)	1,544	1,502	989	1,696
Tax effects of:				
- income not subject to tax	(137)	0	(197)	0
- expenses not deductible for tax purposes	182	53	161	22
- tax losses, capital allowances and temporary differences not recognised	468	1,706	0	1,506
- utilisation of previously unrecognised tax losses	(2,390)	(2,529)	(1,445)	(2,529)
- under/(over) provision in prior year	75	41	(47)	0
- zakat	0	10	0	10
Tax expense and zakat	(258)	783	(539)	705

The tax charge relating to components of other comprehensive income during the current financial year is as follows:

	Group and Company		
	Before Tax RM'000	Tax Charge RM'000	After Tax RM'000
Actuarial gain on defined benefit plan as at 31 December 2022	2,429	(583)	1,846
Actuarial loss on defined benefit plan as at 31 December 2021	(4,867)	1,168	(3,699)

The amount of deductible temporary differences and unutilised tax losses for which no deferred tax assets is recognised in the statements of financial position is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deductible temporary differences	8,116	7,462	7,462	7,462
Unutilised tax losses	35,364	43,864	9,605	15,627
Unabsorbed capital allowances	189	353	0	0
	43,669	51,679	17,067	23,089

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

9 TAXATION (CONTINUED)

No deferred tax assets are recognised from the above due to uncertainty of their recoverability. The unutilised business losses arising from a year of assessment ("YA") are allowed to only be carried forward for utilisation up to 10 consecutive YAs from that YA. The deductible temporary differences are available indefinitely for offset against future taxable profits of the Group and of the Company subject to agreement with the tax authorities. These tax benefits will only be obtained if the Group and Company derive future assessable income of a nature and amount sufficient for the tax benefits to be utilised. Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences of certain entities within the Group having a history of losses or where future taxable income is not probable and not able to be reliably estimated.

Expiry date of unutilised losses are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Year Assessment 2028	22,228	26,075	0	0
Year Assessment 2029	204	570	0	0
Year Assessment 2030	11,110	16,885	9,605	15,627
Year Assessment 2031	565	334	0	0
Year Assessment 2032	1,257	0	0	0
	35,364	43,864	9,605	15,627

10 EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	2021
Profit attributable to equity holders of the Company (RM'000)	6,508	5,469
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Total basic earnings per share attributable to the ordinary equity holders of the Company (sen)	10.77	9.05

Diluted earnings per share is the same as basic earnings per share in both financial years.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

11 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
Cost						
At 1 January 2022	300	19,567	29,771	59,713	140	109,491
Additions	0	0	0	857	0	857
Write off	0	0	0	(21,245)	0	(21,245)
At 31 December 2022	300	19,567	29,771	39,325	140	89,103
Accumulated depreciation						
At 1 January 2022	22	0	15,685	56,955	76	72,738
Charge for the financial year	6	0	553	1,146	32	1,737
Write off	0	0	0	(21,243)	0	(21,243)
At 31 December 2022	28	0	16,238	36,858	108	53,232
Net book value						
At 31 December 2022	272	19,567	13,533	2,467	32	35,871
Cost						
At 1 January 2021	300	19,567	29,771	59,561	145	109,344
Additions	0	0	0	843	0	843
Write off	0	0	0	(691)	(5)	(696)
At 31 December 2021	300	19,567	29,771	59,713	140	109,491
Accumulated depreciation						
At 1 January 2021	16	0	15,084	56,275	46	71,421
Charge for the financial year	6	0	601	1,371	35	2,013
Write off	0	0	0	(691)	(5)	(696)
At 31 December 2021	22	0	15,685	56,955	76	72,738
Net book value						
At 31 December 2021	278	19,567	14,086	2,758	64	36,753

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
Cost						
At 1 January 2022	300	19,567	29,771	39,821	0	89,459
Additions	0	0	0	751	0	751
Write off	0	0	0	(5,243)	0	(5,243)
At 31 December 2022	300	19,567	29,771	35,329	0	84,967
Accumulated depreciation						
At 1 January 2022	22	0	15,685	37,303	0	53,010
Charge for the financial year	6	0	553	1,038	0	1,597
Write off	0	0	0	(5,242)	0	(5,242)
At 31 December 2022	28	0	16,238	33,099	0	49,365
Net book value						
At 31 December 2022	272	19,567	13,533	2,230	0	35,602
Cost						
At 1 January 2021	300	19,567	29,771	39,638	4	89,280
Additions	0	0	0	820	0	820
Write off	0	0	0	(637)	(4)	(641)
At 31 December 2021	300	19,567	29,771	39,821	0	89,459
Accumulated depreciation						
At 1 January 2021	16	0	15,084	36,680	4	51,784
Charge for the financial year	6	0	601	1,260	0	1,867
Write off	0	0	0	(637)	(4)	(641)
At 31 December 2021	22	0	15,685	37,303	0	53,010
Net book value						
At 31 December 2021	278	19,567	14,086	2,518	0	36,449

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of assets RM3,086,924.70 (2021: RM3,155,144) are secured against borrowings as disclosed in Note 22 to the financial statements.

The Group's and the Company's property, plant and equipment balances disclosed above include the right-of-use of leasehold land and various office equipment as shown below:

	Group and Company		
	Leasehold land RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 January and 31 December 2022	300	2,115	2,415
Accumulated depreciation			
At 1 January 2022	22	1,558	1,580
Charge for the financial year	6	122	128
At 31 December 2022	28	1,680	1,708
Net book value			
At 31 December 2022	272	435	707
Cost			
At 1 January and 31 December 2021	300	2,115	2,415
Accumulated depreciation			
At 1 January 2021	16	1,356	1,372
Charge for the financial year	6	202	208
At 31 December 2021	22	1,558	1,580
Net book value			
At 31 December 2021	278	557	835

During the financial year, there were additions to right-of-use assets amounting to RM5,781,115 that were sublease to customers. The net investment in finance lease receivable resulted in reclassification of right-of-use assets to finance lease receivable and resulting in a gain on net investment in sublease of RM567,487 to the statement of comprehensive income.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

12 INTANGIBLE ASSETS

Group	Internally Developed software 2022 RM'000	2021 RM'000
Cost		
At 1 January and 31 December	3,030	3,030
Accumulated amortisation		
At 1 January	3,030	3,030
Charge for the financial year	0	0
Write off	0	0
At 31 December	3,030	3,030
Net book value		
At 31 December	0	0

13 INVESTMENT IN SUBSIDIARIES

	Company 2022 RM'000	2021 RM'000
Unquoted shares, at cost	2,006	2,006
Less: Accumulated impairment losses	(208)	(208)
	1,798	1,798

The shares of all subsidiaries are held directly by the Company.

Details of the subsidiaries, all of which are incorporated and the place of their businesses are in Malaysia, are as follows:

Name of subsidiaries	Principal activities	Group's effective interest 2022 %	2021 %
VA Dynamics Sdn. Bhd.	Sales of networking cables and related products	51	51
Mesiniaga Digital Sdn. Bhd.	Provision of design, development and implementation of business solutions and product development	100	100
Mesiniaga Alliances Sdn. Bhd.	Provision of strategic information technology outsourcing services	100	100
Mesiniaga Services Sdn. Bhd.	Dormant	100	100
Mesiniaga MSC Sdn. Bhd.	Dormant	100	100
Mesiniaga Mobility Sdn. Bhd.	Dormant	100	80

All the above subsidiaries are audited by PricewaterhouseCoopers PLT Malaysia.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The investment in Mesiniaga Mobility Sdn. Bhd. was accounted for as a joint venture as there was contractually agreed sharing of control by the Group with the joint venture party, where decisions about relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. During the year, the Group acquired the remaining share in Mesiniaga Mobility Sdn. Bhd. and become a wholly owned subsidiary. The acquisition of additional interest in the joint venture did not result in a significant impact to the Group where the purchase consideration is RM1. All the debt owed by the joint venture has been waived by both parties.

Summarised financial information on subsidiary with material non-controlling interests

Set out below are the summarised financial information for the subsidiary, VA Dynamics Sdn. Bhd., that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised statement of financial position

	2022 RM'000	2021 RM'000
Current		
Assets	14,868	14,384
Liabilities	(221)	(173)
Total current net assets	14,647	14,211
Non-current		
Assets	286	347
Net assets	14,933	14,558

Summarised statement of comprehensive income

	For the financial year ended 31 December	
	2022 RM'000	2021 RM'000
Revenue	6,032	5,475
Profit before taxation	656	92
Tax expense	(281)	(78)
Profit for the financial year and total comprehensive income	375	14
Profit and total comprehensive income attributable to non-controlling interest	184	7
Accumulated non-controlling interest	7,276	7,092
Dividend paid to non-controlling interest	0	0

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiary with material non-controlling interests (continued)

Summarised statement of cash flows

	For the financial year ended 31 December	
	2022 RM'000	2021 RM'000
Cash flow from operating activities		
Cash flow (used in)/generated from operations	(1,959)	2,263
Net income tax paid	(150)	(196)
Net cash (used in)/generated from operating activities	(2,109)	2,067
Net cash generated from investing activities	129	65
Net (decrease)/increase in cash and cash equivalents	(1,980)	2,132
Cash and cash equivalents at beginning of financial year	10,680	8,548
Cash and cash equivalents at end of financial year	8,700	10,680

14 INVESTMENT IN JOINT VENTURE

	Group and Company 2021 RM'000
Unquoted shares, at cost	80
Accumulated impairment losses	(80)
	0
Unrecognised share of net assets	288

Details of the joint venture, which is incorporated in Malaysia, is as follows:

Name of joint venture	Principal activities	Group's effective interest 2022 %	Group's effective interest 2021 %
Mesiniaga Mobility Sdn. Bhd. ("MMSB")	Develop, market and operate a mobile workforce management system	0	80

During the year, the Group acquired the remaining shares of Mesiniaga Mobility Sdn. Bhd.. For a purchase consideration of RM1 and became a wholly owned subsidiary. Refer to Note 13 for details.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

15 DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets:	1,267	1,322	1,000	1,000
At 1 January	1,322	1,867	1,000	1,584
Credited/(Charged) to profit or loss: (Note 9)				
- property, plant and equipment	(54)	(95)	(55)	(94)
- post-employment benefit obligations	(203)	(113)	(203)	(113)
- tax losses	0	(112)	0	(112)
- provisions	(635)	(34)	(579)	(74)
- advance billings	1,306	(1,240)	1,306	(1,240)
- others	(146)	0	(146)	0
	268	(1,594)	323	(1,633)
Credited to other comprehensive income:				
- post-employment benefit obligations	(323)	1,049	(323)	1,049
At 31 December	1,267	1,322	1,000	1,000
Subject to income tax:				
Deferred tax assets (before offsetting):				
- post-employment benefit obligations	885	1,411	885	1,411
- tax losses	0	250	0	250
- provisions	577	963	305	635
- advance billings	1,962	656	1,962	656
	3,424	3,280	3,152	2,952
Offsetting	(2,157)	(1,958)	(2,152)	(1,952)
Deferred tax assets (after offsetting)	1,267	1,322	1,000	1,000

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

15 DEFERRED TAX ASSETS (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(2,011)	(4,129)	(2,007)	(1,952)
- others	(146)	0	(145)	0
Offsetting	2,157	4,129	2,152	1,952
Deferred tax liabilities (after offsetting)	0	0	0	0

16 INVENTORIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At net realisable value:				
Cables	617	1,346	0	0
Spare parts	80	71	80	71
	697	1,417	80	71
At cost:				
Cables	2,819	1,183	0	0
Equipment	2,067	4,031	2,067	4,031
Software for re-sale	3,147	6,299	3,147	6,299
Spare parts	315	463	315	463
	8,348	11,976	5,529	10,793
	9,045	13,393	5,609	10,864

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade receivables	50,931	42,682	48,368	41,754
Less: loss allowance	(200)	(109)	(195)	(104)
	50,731	42,573	48,173	41,650
Other receivables	131	29	9	9
Prepayments	12,537	13,408	11,723	12,683
Deposits	115	322	105	312
Amounts due from subsidiaries	0	0	32,227	32,227
Less: loss allowance	0	0	(32,227)	(32,227)
	0	0	0	0
Amounts due from a related party	0	199	0	199
	63,514	56,531	60,010	54,853
Non-current				
Prepayments	3,364	3,629	3,364	3,629
	66,878	60,160	63,374	58,482

Trade receivables, other receivables and deposits are denominated in Ringgit Malaysia.

Credit terms of trade receivables range from 30 days to 90 days (2021: 30 days to 90 days).

Other receivables and deposits are with creditworthy parties and are neither past due nor impaired.

Details of amounts due from subsidiaries and related party are disclosed in Note 26 to the financial statements.

Prepayments consist of prepaid services which costs are incurred upfront for services to be rendered over a range of 1 to 5 years. (2021: 1 to 5 years).

The Group's and the Company's historical experience in collection of trade receivables fall within the recorded impairment. Due to these factors, the Directors of the Group and of the Company believe that no additional credit risk beyond amounts already provided for collection losses is inherent in the Group's and the Company's trade receivables.

As per Note 2.9, the Group and Company applied ECL model to determine the impairment on financial assets that are measured at amortised cost. The disclosure of loss allowances is set out in Note 4 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

18 CONTRACT ASSETS/(LIABILITIES)

The Group and Company have recognised the following assets and liabilities related to contracts with customers:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current asset				
Contract assets	55,321	52,324	55,321	52,324
Less: loss allowance	(183)	(1,858)	(183)	(1,858)
	55,138	50,466	55,138	50,466
Non-current assets				
Contract assets	3,186	1,058	3,186	1,058
Less: loss allowance	(152)	(49)	(152)	(49)
	3,034	1,009	3,034	1,009
Current liabilities				
Contract liabilities	(21,659)	(13,700)	(21,659)	(13,665)

The following table shows the movement of contract assets/(liabilities) during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Contract assets				
At 1 January	53,382	35,628	53,382	35,628
Increase as a result of performance obligation fulfilled but not yet billed	55,716	44,500	55,716	44,500
Decrease due to billings made during the financial year	(50,591)	(26,746)	(50,591)	(26,746)
	58,507	53,382	58,507	53,382
Less: loss allowance and discounting	(335)	(1,907)	(335)	(1,907)
At 31 December	58,172	51,475	58,172	51,475
Contract liabilities				
At 1 January	(13,700)	(13,001)	(13,665)	(13,001)
During the financial year that was included in the contract liabilities balance as at 1 January	12,241	12,147	12,206	12,147
Increases due to billing made, excluding amounts recognised as revenue during the financial year	(20,200)	(12,846)	(20,200)	(12,811)
At 31 December	(21,659)	(13,700)	(21,659)	(13,665)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

19 FINANCE LEASE RECEIVABLES

	Group and Company	
	2022 RM'000	2021 RM'000
Gross receivables	8,097	3,544
Less: unearned finance income	(658)	(114)
Less: loss allowance	(13)	(53)
Present value of finance lease receivables	7,426	3,377

The present value of finance lease receivables may be analysed as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
Receivable within 12 months	3,002	2,356
Receivable after 12 months:		
- between 1 and 2 years	1,995	1,047
- between 2 and 5 years	3,100	141
	8,097	3,544
Less: unearned finance income	(658)	(114)
Less: loss allowance	(13)	(53)
	7,426	3,377
Current assets		
Finance lease receivable	2,712	2,282
Less: loss allowance	(5)	(11)
	2,707	2,271
Non-Current assets		
Finance lease receivable	4,727	1,148
Less: loss allowance	(8)	(42)
	4,719	1,106

Finance lease receivables are related to lease of laptops and related IT equipment. The weighted average effective interest rate for finance lease receivables is 4.75% (2021: 4.72%) per annum. The finance lease receivables are denominated in Ringgit Malaysia.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

19 FINANCE LEASE RECEIVABLES (CONTINUED)

The Group's and Company's net movement in finance lease receivables are as below:

	2022 RM'000	2021 RM'000
At 1 January	3,377	4,906
New leases entered into during the financial year	6,947	1,138
Lease payments received during the financial year	(2,885)	(2,614)
Loss allowance	(13)	(53)
At 31 December	7,426	3,377

20 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	31,709	41,118	29,448	34,859
Deposits with licensed financial institutions	25,033	13,579	18,519	9,091
Total deposits, cash and bank balances	56,742	54,697	47,967	43,950
Less: restricted cash	(4,310)	(1,423)	(4,310)	(1,423)
Less: deposits maturing more than three (3) months	(147)	(147)	(147)	(147)
Cash and cash equivalents	52,285	53,127	43,510	42,380

The restricted cash is deposits that subject to regulatory restrictions and are therefore not available for general use by the Company.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	52,050	49,892	43,275	39,145
United States Dollar	4,692	4,805	4,692	4,805
	56,742	54,697	47,967	43,950

Bank balances are deposits held at call with banks and earn no interest.

The Group's and the Company's effective weighted average interest rate of deposits at the end of the financial year is 2.83% (2021: 1.72%) per annum. Deposits, cash and bank balances are denominated in Ringgit Malaysia.

Deposits of the Group and of the Company have an average maturity period of between 7 to 365 days (2021: 7 to 365 days).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	69,242	70,529	69,042	70,444
Other payables	3,209	2,828	2,853	2,665
Payroll liabilities	3,432	3,393	1,646	2,472
Accruals	2,772	972	2,778	755
Amounts due to subsidiaries	0	0	6,194	3,867
	78,655	77,722	82,513	80,203

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	69,116	70,759	73,100	73,267
United States Dollar	9,539	6,963	9,413	6,936
	78,655	77,722	82,513	80,203

Credit terms of trade payables range from 7 to 90 days (2021: 7 to 90 days). The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

22 BORROWINGS

	Group and Company	
	2022 RM'000	2021 RM'000
Non-current		
Term financing – Secured	578	908
Current		
Banker Acceptance – Unsecured	6,439	8,302
Term financing – Secured	330	330
	6,769	8,632
Total borrowings	7,347	9,540

The net book value of assets RM3,086,924.70 (2021: RM3,155,144) are secured against borrowings.

The average interest rate of short-term bank borrowings is at 4.57% (2021: 3.90%) and term financing is at 5.37% (2021: 5.37%).

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

22 BORROWINGS (CONTINUED)

The remaining maturities of the borrowing as at 31 December 2022 and 2021 are as follows:

		Group and Company 2022		
	Interest/ profit rate	Total RM'000	< 1 year RM'000	1 - 5 years RM'000
31 December 2022				
Banker acceptance	fixed rate	6,439	6,439	0
Term financing	floating on COF	908	330	578
		7,347	6,769	578
31 December 2021				
Banker acceptance	fixed rate	8,302	8,302	0
Term financing	floating on COF	1,238	330	908
		9,540	8,632	908

The Group's and Company's net movement in borrowings are analysed as below:

	Group and Company	
	2022 RM'000	2021 RM'000
At 1 January	9,540	6,388
Drawdown of borrowings	20,808	21,502
Repayment of borrowings	(23,001)	(18,350)
Payment of interest	(602)	(241)
Non-cash changes:		
- interest expense	602	241
At 31 December	7,347	9,540

The carrying amounts of the Group's and of the Company's borrowings are denominated in Ringgit Malaysia.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined contribution plan

The Company and its subsidiaries, which are all incorporated in Malaysia, contribute to the Employees' Provident Fund, the national defined contribution plan. Once contributions have been paid, the Group and the Company have no further payment obligations.

Defined benefit plan

The Company operates a funded defined benefit plan, which is an approved defined benefit plan under Section 150 of the Income Tax Act, 1967. The defined benefit plan is applicable for eligible employees who have completed at least 15 years of service at the time of retirement and are employed prior to 2 July 2002. The assets of the funded plan are held in separate trustee administered funds.

The latest actuarial valuation of the plan was carried out as at 31 December 2022. The net movement in the present value of defined benefit obligations during the financial year is as follows:

	Group and Company		
2022	**Defined benefit obligation RM'000**	**Fair value of plan assets RM'000**	**Net defined benefit liability RM'000**
At 1 January	(8,138)	2,259	(5,879)
Charged to income statement:			
Service cost	(255)	(54)	(309)
Interest (cost)/income	(301)	80	(221)
	(556)	26	(530)
Charged to other comprehensive income:			
Actuarial loss	2,461	(32)	2,429
Payment made:			
Contribution paid by the employer	0	300	300
Benefits paid	381	(381)	0
At 31 December	(5,852)	2,172	(3,680)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit plan (continued)

2021	Group and Company Defined benefit obligation RM'000	Fair value of plan assets RM'000	Net defined benefit liability RM'000
At 1 January	(4,329)	2,349	(1,980)
Charged to income statement:			
Service cost	(157)	(59)	(216)
Interest (cost)/income	(216)	232	16
	(373)	173	(200)
Charged to other comprehensive income:			
Actuarial loss	(3,773)	74	(3,699)
Payment made:			
Benefits paid	337	(337)	0
At 31 December	(8,138)	2,259	(5,879)

Plan assets comprised the following:

	Group and Company 2022 RM'000	2022 %	2021 RM'000	2021 %
At 31 December				
Equity instruments	1,092	50	1,038	46
Government bonds	402	19	622	28
Cash and cash equivalents and others	678	31	599	26
Total	2,172	100	2,259	100

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit plan (continued)

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions as follows. Any changes in any of these assumptions would impact the carrying amount of the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government deposits, bonds and securities denominated in Ringgit Malaysia, and that have maturity approximating the terms of the related defined benefit liability.

	Group and Company	
	2022	2021
At 31 December		
Discount rate	4.9%	3.9%
Rate of price inflation	3.3%	2.5%
Expected rate of salary increases:		
- up to age 34	6%	6%
- from age 35 to 44	6%	6%
- from age 45 and above	3%	3%
Turnover (per annum):		
- up to age 44	2%	2%
- from age 45 to 54	2%	2%
- from age 54 and above	0%	0%
Retirement age:		
- normal retirement age, 60	50%	50%
- early retirement age, 55	50%	50%

Significant actuarial assumptions and sensitivity analysis

	Core assumption	Sensitivity analysis	Effect on defined benefit obligation RM'000
Discount rate	4.9%	1.0% decrease	2,461
Mortality	M1115 Life Tables	Age adjusted by + 1 year	(419)

Method and assumptions used in sensitivity analysis

The sensitivity analysis results above determine their individual impact to the end of financial year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2022 (continued)

24 LEASE LIABILITIES

This represents future installments under lease agreements, repayable as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum lease payments				
Repayable within 12 months	2,097	1,465	2,067	1,435
Repayable after 12 months:				
- between 1 and 2 years	1,658	434	1,631	404
- between 2 and 5 years	2,877	61	2,879	35
	6,632	1,960	6,577	1,874
Future finance charges on leases	(581)	(64)	(576)	(55)
Present value of the lease liability	6,051	1,896	6,001	1,819
Current	1,850	1,413	1,824	1,387
Non-current	4,201	483	4,177	432
	6,051	1,896	6,001	1,819

The lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default. The weighted average effective interest rate for lease liabilities is 4.94% (2021: 5.12%) per annum.

The Group's and Company's net movement in lease liabilities are analysed as below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	1,896	2,890	1,819	2,787
Addition	5,783	652	5,783	652
Repayment of lease liabilities	(1,703)	(1,782)	(1,673)	(1,753)
Non-cash changes:				
- finance cost on lease	75	136	72	133
At 31 December	6,051	1,896	6,001	1,819

The Company leases office equipment and IT equipment. IT equipment comprise mainly laptops which are subsequently subleased to its customers over a term of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

25 SHARE CAPITAL

	Group and Company			
	2022 Number of shares '000	2022 RM'000	2021 Number of shares '000	2021 RM'000
Ordinary shares issued and fully paid:				
At 1 January and 31 December				
- ordinary shares of RM1.00 each	60,402	64,528	60,402	64,528

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

26 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

(a) The significant related party transactions are as follows:

	Company	
	2022 RM'000	2021 RM'000
Subsidiary companies		
Dividend received from a subsidiary	250	0
Purchase of services	17,244	14,959
Accounting fees	288	288
Secondment fees	16,005	8,422

(b) Financial year-end balances arising from sales/purchases of goods/services and advances:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts due to subsidiaries	0	0	6,194	3,867
Amounts due from a related party	0	199	0	199

The receivables from related parties and subsidiaries arise mainly from sale transactions and have no fixed term of repayment. The receivables are unsecured in nature and bear no interest.

The payables to subsidiaries arise mainly from purchase transactions and have no fixed term of repayment. The payables are unsecured in nature and bear no interest.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2022 (continued)

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances (continued).

(c) Key management compensation

Key management personnel is defined as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity". The key management compensation is disclosed as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
Salaries and other short-term employee benefits	2,987	2,026
Defined contribution plan	425	173
	3,412	2,199

There are no balances due from or to key management personnel as at the end of the financial year.

27 DIVIDEND

Dividend paid during the financial year is as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
In respect of the financial year ended 31 December 2022		
- Interim single-tier dividend of RM0.05 per share, paid on 26 May 2022	3,020	0

A final single-tier dividend payment of RM0.05 per share amounting to RM3,020,100 in respect of the financial year ended 31 December 2022 has been proposed by the Directors subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting. The final single-tier dividend, if approved, will be paid on 3 July 2023.

28 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 March 2023.

Properties Owned by the Group

As At 31 December 2022

Address	Description	Usage	Tenure	Terms of Tenant's Leases or Under Leases	Appropriate Age	Net Book Value (RM'000)
Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor	Commercial land comprising of 15-storey office building	Office building	Freehold	Nil	Twenty-nine (29) years	30,285
5-G-9, Persiaran Mahsuri, Bandar Bayan Baru, 11900 Bayan Lepas, Pulau Pinang	4 Storey Shop	Office building	Leasehold	Nil	Ten (10) years	3,087

Shareholding Statistics

Shareholding Structure as at 31 March 2023

Issued and Paid-up Capital : RM60,402,000

Class of Shares : There is only one class of shares, namely Ordinary Shares of RM1.00 each

Analysis of Shareholdings as at 31 March 2023

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	63	2.72	1,624	0.00
100 – 1,000	902	38.98	764,961	1.27
1,001 – 10,000	1,091	47.15	4,664,327	7.72
10,001 – 100,000	219	9.46	6,293,500	10.42
100,001 – 3,020,099 (Less than 5% of issued shares)	34	1.47	15,567,780	25.78
3,020,100 and above (5% and above issued shares)	2	0.09	21,583,341	35.73
Directors' Shareholdings	3	0.13	11,526,467	19.08
Total	2,314	100.00	60,402,000	100.00

Substantial Shareholders as at 31 March 2023

No.	Names	Direct Shareholdings	%
1	Shapadu Capital Sdn Bhd	16,879,800	27.95
2	Fathil Sulaiman Ismail	7,747,927	12.83
3	Safiah Sulaiman Ismail	5,012,041	8.30
4	Datuk Wan Mohamed Fusil Wan Mahmood	3,470,040	5.74

Directors Direct and Deemed Interests as at 31 March 2023

No.	Names	Direct Shareholdings	Deemed Interest	%
1	Datuk Wan Mohamed Fusil Wan Mahmood	2,275,940	1,194,100	5.74
2	Fathil Sulaiman Ismail	7,747,927	-	12.83
3	Voon Seng Chuan	308,500	-	0.51
4	Sim Hong Kee	-	-	-
5	Datuk Noor Azian Shaari	-	-	-
6	Dato' Darawati Hussain	-	-	-
7	Zaim Husni Omar	-	-	-

Shareholding Statistics

30 Largest Shareholders as at 31 March 2023

No.	Name	Holdings	(%)
1	Shapadu Capital Sdn Bhd	16,879,800	27.95
2	Fathil Sulaiman Bin Ismail	7,747,927	12.83
3	Safiah Sulaiman Binti Ismail	5,012,041	8.30
4	Wan Mohamed Fusil Bin Wan Mahmood	1,800,000	2.98
5	Hor Yee @ Ho Cheong Fatt	1,728,940	2.86
6	Nor Hafifah Binti Mohd Puzi	1,319,646	2.18
7	Nor Zaliza Binti Mohd Puzi	1,289,648	2.14
8	CIMB Islamic Trustee Berhad <Wan Mohamed Fusil Bin Wan Mahmood>	1,000,000	1.66
9	Wong Ta Nooy @ Wong Keng Yong	1,000,000	1.66
10	Sri Susayati Binti Ramlan	990,000	1.64
11	Public Invest Nominees (Asing) Sdn Bhd <Pledged Securities Account for Muhamad Aloysius Heng (M)>	947,000	1.57
12	Aimi Khalidah Binti Mohd Puzi	869,646	1.44
13	Lim Poh Tiong	860,000	1.42
14	Ching Heng Zee	610,000	1.01
15	Yee Men Fong	600,000	0.99
16	CGS-CIMB Nominees (Tempatan) Sdn Bhd <Pledged Securities Account for Teh Swee Heng (MM1118)>	577,000	0.96
17	Wan Mohamed Fusil Bin Wan Mahmood	475,940	0.79
18	Lee Kok Hin	458,100	0.76
19	Lim Poh Tiong	450,000	0.75
20	Low Lay Ping	400,000	0.66
21	Toh Ying Choo	396,000	0.66
22	Voon Seng Chuan	308,500	0.51
23	Khor Keng Saw @ Khaw Ah Soay	270,300	0.45
24	Nur Aliyah Binti Abdullah	258,800	0.43
25	Lai Yock Ching	227,100	0.38
26	Siew Kim Man	203,500	0.34
27	Goh See Wee	200,000	0.33
28	Khalijah @ Khadijah Binti Jamari	200,000	0.33
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd <Pledged Securities Account for Wan Mohamed Fusil Bin Wan Mahmood (MY1107)>	194,100	0.32
30	Procraft Sdn Bhd	194,100	0.32

Notice of the 41st Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-First (41st) Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 8 June 2023 at 2.30 p.m. for the following purposes:-

Agenda

1. To receive the Audited Financial Statements for the year ended 31 December 2022 together with the Directors' Report and the Independent Auditors' Report thereon.
2. To declare a final single-tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2022. **Resolution 1**
3. To approve the payment of Directors' Remuneration of up to RM550,000 to the Non-Executive Directors for the year ending 31 December 2023. **Resolution 2**
4. To re-elect the following Directors, each of whom retires by rotation in accordance with Article 104 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-
   a. Datuk Wan Mohamed Fusil Bin Wan Mahmood (Executive Chairman) **Resolution 3**
   b. Fathil Sulaiman Bin Ismail (Non-Independent Non-Executive Director) **Resolution 4**
5. To retain Voon Seng Chuan who has served the Board for a cumulative term of ten (10) years as an Independent Non-Executive Director. **Resolution 5**
6. To re-appoint Messrs PricewaterhouseCoopers PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

BY ORDER OF THE BOARD

JASNI ABDUL JALIL (MACS 01359)
Company Secretary
Subang Jaya
28 April 2023

Note:

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Forty-First (41st) Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 30 May 2023. Only a depositor whose name appears on the Record of Depositors as at 30 May 2023 shall be entitled to attend and vote at the meeting, as well as for the appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
4. All forms of proxy must be deposited at the Company's Share Registrar's Office at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
5. You are required to read and adhere to the **Administrative Guide** issued in the annual report on page 143 and published on the Company's website at http://www.mesiniaga.com.my/investor-relations/

Statement Accompanying Notice of the 41st Annual General Meeting

1) Declaration of a Final Single-Tier Dividend.

According to Section 131 of Companies Act 2016 ("CA 2016"), a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 27 February 2023, the Board had considered the proposed amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 3 July 2023 in accordance with the requirements under Sections 132(2) and (3) of CA 2016.

2) Payment of Directors' Remuneration of up to RM550,000 to the Non-Executive Directors for the year ending 31 December 2023.

Section 230(1) of the CA 2016 provides that the 'fees' of the Directors and 'any benefits' payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this AGM for the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company under Resolutions 2.

The proposal is made upon benchmarking against various companies across the industries with either similar market capitalisation, revenue or profit before tax and with peer companies in the IT industries.

The payment of the Directors' fees totalling RM550,000 in respect of the financial year ending 31 December 2023 will only be made if the proposed Resolution 2 is approved by the Company shareholders at this meeting pursuant to Section 230(1)(b) of the CA 2016.

3) To re-elect the following Directors, who retire by rotation in accordance with Article 104 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-

a. Datuk Wan Mohamed Fusil Bin Wan Mahmood (Executive Chairman)
b. Fathil Sulaiman Bin Ismail (Non-Independent Non-Executive Director)

The following are the justifications for their re-election:-

Directors subject to re-election pursuant to Article 104	Statement of Support by the Board
Datuk Wan Mohamed Fusil Bin Wan Mahmood	1. His wealth of experience in helming the Company since 2007 as Chairman and Chief Executive Officer would enable a continuity in the overall direction of the Company. 2. As the Company's Chairman and Chief Executive Officer, he has demonstrated his strong leadership through his active participation in Board's deliberations and decision-making in an objective manner. 3. He is not involved in any potential conflict of interest that might adversely affect his ability to perform his duties properly.
Fathil Sulaiman Bin Ismail	1. He has significantly contributed mentorship to the management team in achieving the Company's business strategies. 2. He has demonstrated active participation in the Board's deliberations and decision-making process. 3. He is not involved in any potential conflict of interest that might adversely affect his ability to perform his duties properly.

Statement Accompanying Notice of the 41st Annual General Meeting

4) To retain Voon Seng Chuan who has served the Board for a cumulative term of ten (10) years as an Independent Non-Executive Director.

The Board of Directors, has evaluated the independence of Voon Seng Chuan, who has held the position of Independent Non-Executive Director for a cumulative term of ten (10) years.

Resolution 5 has been proposed to seek shareholders' approval, which, if passed, would allow Voon Seng Chuan to be retained as an Independent Non-Executive Director of the Company, adhering to Practice 5.3 of the Malaysian Code of Corporate Governance.

The details of justification are as follows:-

a. He has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements and is therefore able to provide independent opinon to the Board;
b. He has contributed sufficient time and exercised due care during his tenure as an Independent Non-Executive Director;
c. He has consistently discharged his professional duties in good faith and also in the best interest of the Company and shareholders;
d. He has the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner;
e. He has never compromised on his independent judgement; and
f. He is not involved in any potential conflict of interest that might adversely affect his ability to perform his duties properly.

Details of Voon Seng Chuan are stated in the Company's Annual Report on page 16.

5) The Forty-First (41st) Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on 8 June 2023 at 2.30 p.m.

6) Details of the Directors standing for re-election are as stated in the Company's Annual Report as follows:-

a. Datuk Wan Mohamed Fusil Bin Wan Mahmood (Executive Chairman) – page 15
b. Fathil Sulaiman Bin Ismail (Non-Independent Non-Executive Director) – page 17

Both Datuk Wan Mohamed Fusil Bin Wan Mahmood and Fathil Sulaiman Bin Ismail hold securities in the Company as stated on page 138.

BY ORDER OF THE BOARD

JASNI ABDUL JALIL (MACS 01359)
Company Secretary
Subang Jaya
28 April 2023

Administrative Guide

Administrative Guide for the Forty-First Annual General Meeting ("41st AGM") of Mesiniaga Berhad ("Company")

Date : 8 June 2023 (Thursday)

Time : 2.30 p.m.

Venue : Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A Jalan SS16/1
47500 Subang Jaya, Selangor Darul Ehsan

(I) PUBLIC HEALTH PRECAUTIONS AND PREVENTIVE MEASURES

The Company takes the well-being of all stakeholders, including employees, shareholders, proxies, customers, suppliers and service providers seriously and precautionary measures will be taken at the 41st AGM in order to minimise the risk of community spread of COVID-19.

If you have been in contact with a COVID-19 affected person or if you are unwell with sore throat, flu, fever, cough, shortness of breath or any symptoms of the COVID-19, please quarantine yourself at home. You are encouraged to appoint a proxy or the Chairman of the meeting to attend and vote at the 41st AGM on your behalf.

All attendees are advised to keep abreast with the latest news and safety precautions directed by the authorities from time to time. The Company requires all attendees to wear a mask throughout the 41st AGM.

Due to the constantly evolving COVID-19 situation in Malaysia, we may have to change the arrangement of our 41st AGM at short notice. Kindly check the Company's website or announcements released to Bursa Malaysia from time to time for the latest updates on the status of the 41st AGM.

The Company will continue to observe the directives and guidelines issued by the Malaysian Government, Ministry of Health, Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities and will take all relevant precautionary measures as advised.

(II) REGISTRATION

The registration counter will be opened at 12.30 p.m. on Thursday, 8 June 2023 at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Attendees are requested to produce/show their original Identity Card or Passport (for non-Malaysian) to the registration staff for verification purposes. Kindly make sure the original Identity Card or Passport is returned to you thereafter. Please take note that no person will be allowed to register on behalf of another person, even with the original Identity Card or Passport of that person.

Upon verification, attendees are required to write their names and sign on the Attendance List placed on the registration table.

Attendees will also be given an identification wristband with personalised passcode for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband in the event that you lost or misplaced it.

Administrative Guide

(III) ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only shareholder whose name appears on the Record of Depositor as at 30 May 2023 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

(IV) APPOINTMENT OF PROXY(IES)

A shareholder who is unable to attend the 41st AGM on 8 June 2023 may appoint proxy and indicate the voting instructions in the proxy form. Please deposit the proxy form with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, you have the option of submitting the proxy form electronically via facsimile at 03-7890 4670.

The last date and time for lodging the proxy form is on **Tuesday, 6 June 2023 at 2.30 p.m.**

(V) VOTING PROCEDURES

The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. All resolutions set out in the Notice of 41st AGM will be put to vote by way of poll. Boardroom Share Registrars Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process. The Independent Scrutineers will verify the results of the poll thereafter.

(VI) ENQUIRY

If you have any enquiry prior to the 41st AGM, please contact our Share Registrar during office hours on Monday to Friday, from 9.00 a.m. to 5.00 p.m. (except on public holidays):-

Boardroom Share Registrars Sdn. Bhd.
[Registration No. 199601006647 (378993-D)]

Address	:	11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan
General Line	:	+603-7890 4700
Fax Number	:	+603-7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com

PROXY FORM

FOR 41ST ANNUAL GENERAL MEETING

MESINIAGA BERHAD
Registration No.: 198101013112 (79244-V)
(Incorporated in Malaysia)

Number of Shares Held	
CDS Account No.	_ _ _ - _ _ _ - _ _ _ _ _ _ _ _ _

I/We,.. NRIC/Registration No. ....
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

(Tel No: ....) of ....

....
(FULL ADDRESS)

Being member(s) of MESINIAGA BERHAD, hereby appoint the following:-

Proxy 1	
Full Name of Proxy as per NRIC	
NRIC/Passport No.	
Proportion of Shareholdings (%)	

and/or failing him/her;

Proxy 2	
Full Name of Proxy as per NRIC	
NRIC/Passport No.	
Proportion of Shareholdings (%)	

as my/our proxy as to vote for me/us and on my/our behalf at the Forty-First (41st) Annual General Meeting of the Company, to be held at **Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan (Tel: +603-5635 8828) on Thursday, 8 June 2023 at 2.30 p.m.** and at any adjournment thereof.

The proxy is to vote on the resolutions set out in the Notice of Meeting as indicated, with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

No.	Resolution	For	Against
1	Final single-tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2022		
2	Approval of Non-Executive Directors' remuneration for the year ending 31 December 2023		
3	Re-election of Datuk Wan Mohamed Fusil Bin Wan Mahmood as Executive Chairman		
4	Re-election of Fathil Sulaiman Bin Ismail as Non-Independent Non-Executive Director		
5	Retention of Voon Seng Chuan as Independent Non-Executive Director		
6	Re-appointment of Messrs PricewaterhouseCoopers as Auditors		

Dated this .... day of ...., 2023

....
Signature/Common Seal of Shareholders

Note:

For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Forty-First (41st) Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 30 May 2023. Only a depositor whose name appears on the Record of Depositors as at 30 May 2023 shall be entitled to attend and vote at the meeting as for appointment of proxy(ies) to attend and vote on his/her stead.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney. All forms of proxy must be deposited at the Company's Share Registrar's Office at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

First fold

AFFIX STAMP

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

Second fold

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