2023 ANNUAL REPORT

SMRT HOLDINGS BERHAD

www.smrt.holdings

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CHAIRMAN'S STATEMENT

Introduction and Greetings

Dear Shareholders, Board Members, Employees, and Stakeholders,

I extend a warm welcome and heartfelt gratitude to each of you for your unwavering support and dedication to SMRT Holdings Berhad ("SMRT"). It is my privilege to present the Chairman's Statement for our Annual Report 2023, reflecting our journey over the past 18 months of the year.

Change in Financial Year-End

One of the key changes that require your attention is the shift in our financial year-end ("FYE") from 31 December to 30 June. This change has resulted in an 18-month reporting period for this specific financial update, and we want to underscore the importance of considering this extended timeframe when analysing variances.

The decision to change our FYE was made in alignment with our long-term strategic goals and to enhance financial reporting consistency. This adjustment provides us with several advantages, but primarily, this allows us to align our financial reporting cycles with our business cycles, allowing for improved strategic planning and resource allocation.

Major Corporate Exercises

In addition to the change in FYE, this Annual Report for financial period ended ("FPE") 30 June 2023 also reflects significant changes in our financial reporting structure. These changes are primarily attributed to three major corporate exercises completed during Quarter 1 and Quarter 2 of 2023. These exercises necessitated accounting adjustments and treatments in both the income statement and retained earnings for the financial period under review.

The corporate exercises completed during this financial period are as follows:

1. Disposal of SMR Properties Management Sdn Bhd: On 30 March 2023, SMRT disposed of its subsidiary, SMR Properties Management Sdn Bhd and ceased its operations as a property management company for the University of Cyberjaya, Cyberjaya Campus, following the University's acquisition of the campus building. This strategic move was made to streamline our portfolio and focus on core activities with higher growth potential. The accounting treatment for this disposal resulted in accounting adjustments that contributed to reported losses classified under "Discontinued Operation."

2. Divestment and Exit from the Education Segment: SMRT also divested from its long-standing, capital intensive education segment, completed on 19 May 2023. This involved the sale of the entire education segment for RM49.55 million by disposal of our subsidiary SMR Education Sdn Bhd, which was the 42% controlling entity of our education holding company, Cyberjaya Education Group Berhad (formerly known as Minda Global Berhad). The decision to divest from this segment followed a thorough evaluation of its financial performance and long-term prospects of the education segment, against that of our existing technology segment, which is the major profit contributor for SMRT Group. The accounting adjustments related to this divestment also significantly impacted the financial results in one-off manner, which are currently reported under "Discontinued Operation."

3. Acquisition on non-controlling interest of Internet-of-Things (IoT) Subsidiary: In addition to the divestment and disposal activities, SMRT acquired up to 100% stake in an IoT subsidiary, namely N'osairis Technology Solutions Sdn Bhd, during the financial period for RM72.00 million. This strategic move aims to strengthen our presence in the high-growth technology sector, transitioning our consolidated businesses from IoT plus Education to a pure-play IoT company. The accounting treatment for this acquisition, which involved excess of purchase consolidation over the non-controlling interest acquired, also led to one-time adjustments on retained earnings in accordance with MRFS 10 – Consolidated Financial Statements.

CHAIRMAN'S STATEMENT
(Continued)

The Board of SMRT is pleased to advise the shareholders that these corporate exercises were undertaken with the goal of enhancing our long-term strategic position, optimising our portfolio, and positioning the company for sustainable growth. While they may have resulted in certain accounting adjustments, we believe they are aligned with our vision and will contribute positively to our future performance.

SMRT's Share Grant Plan 2023

In our commitment to fostering talent retention and aligning the interests of our dedicated directors and employees with the long-term success of the Group, we have introduced an Employee's Share Grant Plan ("SGP"). On 30 June 2023, we launched this SGP, offering approximately 15.15 million new SGP shares to eligible directors and employees. The SGP is designed to not only reward past contributions but also incentivise continued dedication and excellence. Over the next three years, these shares will vest based on a combination of factors, including the individual's past and future contributions and the achievement of specific performance targets, such as operating profit and market capitalisation goals. We believe that this SGP serves as a powerful tool for talent retention, motivating our exceptional team members to remain integral parts of our company's journey and fostering a shared commitment to our long-term growth and prosperity. It reinforces our dedication to recognising and nurturing the talent that drives our company's success while creating a sense of ownership and alignment with our stakeholders' interests.

Financial Performance

During the 18-month period ended 30 June 2023, in the Technology Segment, we witnessed strong growth, with revenue surging to RM 87.72 million. This is an increase of approximately 74.21%, or 16.14% on an annualised 12-month basis, compared to the RM 50.35 million reported for the 12-month period for the financial year ended 31 December 2021 ("FYE2021"). This growth is attributed to continuing growth within our existing business segments and also to our regional expansion efforts, which has seen us continue to enlarge our customer base and capture market share in Indonesia.

Notably, the Education Segment reported no revenue during this period due to the reclassification of revenue into net income as per MFRS 5, following the disposal of SMR Education Sdn Bhd. Therefore, no revenue comparison can be made for the Education Segment for the current reporting period.

In terms of profitability, the Technology Segment reported an after-tax profit of RM 33.39 million, a growth of approximately 112.81%, or 41.83% on an annualised 12-month basis, compared to RM 15.69 million reported for the previous 12-month period. The growth in the profitability is in tandem withdue to the growth of revenue for technology segment as highlighted above. Meanwhile, there were no profitability entries for the Education Segment due to its disposal.

However, our financial statements also reflect losses under the "Discontinued Operation" section amounted to approximately RM 17.55 million, primarily stemming from one-time accounting adjustments related to significant divestment corporate exercises as mentioned above. These adjustments, while substantial, were strategic in nature, aimed at optimising our business portfolio.

In conclusion, the 18-month period marked a transformative phase for our Group, and we have taken a firm decision to refocus our Group as a pure-play IoT company. We remain committed to our long-term growth strategy, expecting improved financial performance and increased shareholder value in the future.

Business Overview: Shaping the Future Through Technology

Following the completion of the corporate exercises detailed above, SMRT is now a pure-play IoT solution provider. The Group's primary operating entity is now our IoT subsidiary, N'osairis Technology Solutions Sdn Bhd ("NTS"). The recent acquisition of the minority interest in this subsidiary, in which we acquired a majority stake in 2016, signifies a pivotal step in our Group's journey.

CHAIRMAN'S STATEMENT
(Continued)

NTS offers fully managed IoT solutions to enterprise customers – primarily those in the utilities, financial services, and retail sectors. When SMRT first acquired NTS in 2016, NTS managed just over 600 customer sites and reported a revenue of just over RM10 million in the preceding financial year. Since then, NTS has grown leaps and bounds and at the end of this last financial year, managed over 21,000 sites and reported a revenue of RM87.72 million for the preceding 18-month period.

Today, NTS serves a range of blue-chip customers in both Malaysia and Indonesia – our customers include Tenaga Nasional Berhad (the largest power utility in Malaysia), Perusahaan Litrik Negara ("PLN") (the primary power utility in Indonesia), PT Abadi Tambah Mulia Internasional ("ATMi") (the largest independent ATM operator in Indonesia).

Future Strategic Initiatives: Pioneering Progress

With a firm belief in the industry's positive outlook, we are dedicated to delivering substantial value to our shareholders and attracting potential investors through the following pivotal initiatives:

1. Regional Expansion: Following our successful expansion to Indonesia, we aim to enter and replicate this success in other neighbouring nations with a similar growth profile. By extending our footprint in these regions, our objective is to harness their immense growth potential, reinforce our market presence, and further elevate our brand recognition regionally.

2. Expansion into New Verticals: NTS is primed to diversify its IoT service portfolio into additional verticals. Like we did previously with the power sector, we will make substantial investments in research and development (R&D), to expand our product offerings into new verticals and leverage IoT to deliver tangible value to customers in these new verticals. This relentless pursuit aims to cement our standing as a premier provider of end-to-end IoT services.

3. Commitment to Sustainability: Sustainability is a cornerstone principle guiding our actions. NTS is resolutely dedicated to crafting IoT solutions that not only drive business excellence but also contribute to broader sustainability objectives. Our focus encompasses addressing environmental challenges and promoting responsible IoT practices that serve our planet's greater good.

In conclusion, the Technology segment, under the stewardship of NTS, is poised for a trajectory of growth and innovation. We are invigorated by the boundless prospects within the IoT services industry and remain steadfast in our commitment to delivering enduring value to our esteemed shareholders and customers. As we embark on this exciting journey, we invite you to share in our vision for a future marked by progress, prosperity, and sustainability.

Acknowledgment

Before I conclude the Chairman Statement for the year 2023, I would like to express our heartfelt appreciation to Tan Sri Dato' Dr. R. Palan, our former Executive Chairman. On 4 January 2023, he was redesignated as a Non-Independent Non-Executive Director of the Company. His contributions and leadership during his tenure have been invaluable, and we deeply appreciate his continued presence and guidance in this new capacity. Additionally, I would also like to extend our gratitude to Mr. Malayandi @ Kalaiarasu, who resigned from the board at the end of the financial reporting period on June 30, 2023. Mr. Kalaiarasu's dedicated service and valuable insights have greatly contributed to our Group's success, and we sincerely thank him for his unwavering support and commitment.

Lastly, I would like to thank our shareholders, employees, customers, and other stakeholders for their continued support. We remain committed to our vision, and we look forward to a promising future of growth and success.

Sincerely,

ADJUNCT PROFESSOR SUBRAMANIAN AMAMALAY
Non-Independent Non-Executive Chairman

DIRECTORS' PROFILE

ADJUNCT PROFESSOR SUBRAMANIAN AMAMALAY
("ADJUNCT PROFESSOR SUBRA")
Non-Independent Non-Executive Chairman

Adjunct Professor Subra, a Malaysian, aged 64, male, was appointed to the Board on 11 April 2022. He was redesignated from Non-Independent Non-Executive Director to Non-Independent Non-Executive Chairman on 4 January 2023.

Adjunct Professor Subra on completing his studies from University Sains Malaysia worked with industry. He has also acquired professional qualifications such as Certificate in Training Practice from the Chartered Institute of Training Practice, CIPD, UK and has achieved membership with CIPD, UK.. He has also obtained his Accredited Competency Professional from Institute of Leadership & Management (ILM) UK. Subra is a qualified auditor of the IRCA and certified in Total Quality Management and Strategic Planning. He is also a certified Trainer with HRDF Malaysia and an SMR-accredited trainer besides being qualified to use the Myers Briggs Type Indicator.

Adjunct Professor Subra has over thirty years of management and leadership experience in a wide range of organisations from Finance, Education to Consulting. He has travelled extensively in Asia on business assignments. He has led and delivered consulting assignments for large GLCs and MNCs in design, develop and implement competency framework as well as Talent Development across Asia and the Middle East, including Malaysia, Indonesia, India, Sudan, Qatar, Abu Dhabi, Dubai, Bahrain, Saudi Arabia, Oman, Singapore and Hong Kong.

Adjunct Professor Subra's working experience includes working at the then Ministry of Social Welfare, Government of Malaysia, MBf Finance, Taylors Education and the SMR Group. He was an Executive Director for Asiamet Education Group Berhad from 4 November 2015 to 21 September 2018. He is currently the Chairman and Director of N'osairis Technology Solutions Sdn Bhd.

Adjunct Professor Subra has no directorship in any other public listed company. He has no family relationships with any other director and/or major shareholders of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. He has attended six (6) out of seven (7) Board Meetings held during his tenure of office in the financial period ended 30 June 2023.

DIRECTORS' PROFILE
(Continued)

TAN SRI DATO' DR PALANIAPPAN A/L RAMANATHAN CHETTIAR
("TAN SRI DATO' DR R PALAN")
Non-Independent Non-Executive Director

Tan Sri Dato' Dr R Palan, a Malaysian, aged 67, male. He was appointed to the Board on 13 August 2004. He was redesignated from Executive Chairman to Non-Independent Non-Executive Chairman on 12 November 2021 and to Non-Independent Non-Executive Director on 4 January 2023.

An alumnus of the Harvard Business School, he completed his PhD (Education) at the Federation University, Ballarat, Australia. An author of about 20 books, his last book on Entrepreneurship (2021) was published by University Malaya Press and he has also contributed an article to a book on Education (2022) that was published by Routledge, Taylor & Francis Group, Singapore. More details about Tan Sri Dato' Dr. Palan can be found at www.palan.org.

Tan Sri Dato' Dr R Palan currently serves as the Pro- Chancellor of University of Cyberjaya (UoC). The founder of Yayasan Palan is an avid supporter of Corporate Social Responsibility initiatives and his voluntary contributions include having served on the boards of non-profit organisations, both governmental and private. He also served as a member of the Special Independent Committee to advise the Yang Di Pertuan Agong on the state of Emergency in 2021.

Tan Sri Dato' Dr R Palan sits in the board of Cyberjaya Education Group Berhad (formerly known as Minda Global Berhad). He is the husband of Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi, a substantial shareholder of the Company and the father of Mr Maha Ramanathan Palan, Group Managing Director of the Company. Save as disclosed above, Tan Sri Dato' Dr R Palan has no family relationship with any director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. He has attended all the eight (8) Board Meetings held during the financial period ended 30 June 2023.

DIRECTORS' PROFILE
(Continued)

MR MAHA RAMANATHAN PALAN ("MR MAHA")
Group Managing Director

Mr Maha Palan, a Malaysian, aged 29, male, was appointed to the Board on 23 July 2018. He was redesignated from Non-Independent Non-Executive Director to Executive Director on 1 July 2021 and to Group Managing Director on 12 November 2021.

Mr Maha has a Masters in Risk Management & Financial Engineering from Imperial College London and a Bachelors (Hons) in Chemical Engineering from the University of Manchester.

Mr Maha joined the board in 2018 as SMRT operated a diverse set of organisations but remained loss-making to develop and lead the Strategic Turnaround Plan. Within three (3) years (and in spite of the COVID-19 pandemic), Mr Maha had successfully turned-around the Group with SMRT posting all-time high revenues and returning to profitability in FY2021. Mr Maha was then appointed as Group Managing Director to lead the Group further to meet its future growth and transformation goals. In addition, education segment has also grown from 584 employees in 2018 to over 1,000 employees with a revenue of over RM180 million in financial period ended 2023.

Mr Maha also serves as the Group Managing Director of Cyberjaya Education Group Berhad ("CYBER") (formerly known as Minda Global Berhad), amongst Malaysia's largest health sciences higher education platforms that offers pathways to careers at accessible prices. CYBER also works with many charitable foundations to further support improving access to Education for the underprivileged. Mr Maha is also a co-founder of the Palan Foundation, a registered non-profit organisation committed to improving the educational attainment of young disadvantaged individuals.

Prior to joining SMRT, Mr Maha has served in investment-focused roles in firms including British Petroleum Plc and Piton Capital LLP. During his tenure with these firms, he has invested in and helped grow a diverse range of companies that amongst others allowed for equitable access in market participation and improved the interoperability of energy infrastructure.

Mr Maha sits in the board of CYBER. He is the son of Tan Sri Dato' Dr. R Palan, a substantial shareholder, Non-Independent Non-Executive Director of the Company as well as the son of Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi, a substantial shareholder of the Company. Save as disclosed above, Mr Maha Palan has no family relationship with any director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. He has attended all the eight (8) Board Meeting held during the financial period ended 30 June 2023.

DIRECTORS' PROFILE
(Continued)

MR. CHU KHEH WEE, DANNY ("MR. DANNY CHU")
C.A.(M), ACMA, CGMA, MPMA
Executive Director

Mr. Danny Chu, a Malaysian, aged 53, male, was appointed to the Board on 31 December 2019.

Mr. Danny Chu received a diploma in cost accounting from the London Chamber of Commerce and Industry in 1990. Mr. Chu was admitted as a registered accountant and a chartered accountant of the Malaysian Institute of Accountants in December 1999 and June 2001, respectively, an associate member of the Chartered Institute of Management Accountants in August 1996 and a Chartered Global Management Accountant in May 2011.

Mr. Danny Chu founded Executive Prosight Resources ("EPR") in February 2011 for the purpose of providing business, corporate advisory and employment services. He has recorded numerous successful corporate exercises in the country such as Corporate Structuring, Initial Public Offer ("IPO") and Merger & Acquisition ("M&A").

He also has vast experiences during his employment journey, specialising in finance and corporate reporting, corporate restructuring and various fund raising activities covering various industry from manufacturing, property development and construction industries. From October 2007 to October 2008, Mr. Chu worked for D'Tiara Corp. Sdn. Bhd., being a company engaging in investment, development and sale of properties and resorts, as the chief financial officer and was responsible for the proposed listing application of such company on the Alternative Investment Market (currently known as AIM) of the London Stock Exchange. From October 2004 to September 2007, Mr. Chu worked for Oil-Line Engineering and Associates Sdn. Bhd., being a subsidiary of OilCorp Berhad, as a senior manager and was responsible for advising on corporate finance matters of the aforesaid company. From May 2002 to September 2004, Mr. Chu worked for Tenaga Nazar (M) Sdn. Bhd., being an affiliated company of OilCorp Berhad (a company engaging in the provision of engineering, procurement, construction, technical and contract related services in Malaysia, the Middle East and the ASEAN countries), as a senior manager of corporate finance and was responsible for managing corporate finance matters of the aforesaid company. Mr. Danny Chu was also responsible for managing the financial affairs for other companies namely Worthy Builders Sdn. Bhd., Chase Perdana Berhad and Golden Plus Builders Sdn. Bhd.

He sits in the board of Heng Hup Holdings Limited, a Main Board listed company at Hong Kong Stock Exchange. He has no family relationship with any other director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. He has attended all the eight (8) Board Meetings held during the financial period ended 30 June 2023.

DIRECTORS' PROFILE
(Continued)

MS LIM KWEE YONG ("MS LIM")
C.A.(M), Bsc Acc RMIT, Australia
Senior Independent Non-Executive Director

Ms Lim, a Malaysian, aged 52, female, was appointed to the Board on 10 March 2020. She was appointed as the Chairman of the Audit and Risk Management Committee on 5 August 2020. She was redesignated as Chairman of the Nomination Committee and Remuneration Committee of the Company on 27 September 2021.

Ms Lim received a Bachelor of Business, Major in Accounting from Royal Melbourne Institute of Technology ("RMIT"), Australia in November 1995. Subsequently, Ms Lim was admitted as a registered accountant and a chartered accountant of the Malaysian Institute of Accountants in October 1999.

Ms Lim has vast experiences during his employment journey, specialising in financial management, treasury, internal control and risk management, covering various industry from renewable energy, environmental waste management and Oil & Gas Pipe Coatings and Pipeline manufacturing industries. From January 2014 to August 2018, Ms Lim worked for Cenviro Sdn Bhd, being a company engaged in provision of integrated environmental waste management solution, as the chief finance officer and was responsible for the financial and treasury management, risk management, procurement and Management Information System department of the Company. From October 2008 to December 2013, Ms Lim worked for Wasco Energy Group of Companies, being a subsidiary of Wah Seong Corporation Berhad, as a Head of Finance, Pipeline Services Division and was responsible for all financial management and reporting matters as well as investment appraisal matters of the aforesaid company. On March 1995, Ms Lim initiated her working career with Pricewaterhousecoopers ("PWC") as Audit Associate and she left PWC on April 2008 with her last position held as Senior Audit Manager.

Ms Lim is currently the Executive Director cum Chief Finance Officer of Econas Sdn Bhd, a company engaged in provision of consultancy services in waste management, environmental and renewable energy services. She is responsible for all financial strategies and management, internal control and corporate governance matters in the said company.

Ms Lim has no directorship in any other public listed company. She has no family relationship with any other director and/or major shareholder of the Company and her directorship in the Company does not give rise to any conflict of interest situation. She has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. She has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. She has attended all the eight (8) Board Meetings held during the financial period ended 30 June 2023.

DIRECTORS' PROFILE
(Continued)

MS NG KIT CHING ("MS NG')
Independent Non-Executive Director

Ms Ng, a Malaysian, aged 50, female, was appointed to the Board on 5 August 2020. She was appointed as the member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company on 5 August 2020.

Ms Ng received her Master of Science (Blockchain and Digital Currency) from the University of Nicosia, Cyprus in year 2023. She also has a Bachelor of Commerce (Finance and Marketing) from Curtin University of Technology, Perth, Western Australia in year 1997.

Ms Ng has vast experiences in digital transformation especially in the financial service sector. In her last 2 assignments as CEO of NEM Malaysia and Razer Fintech has brought insight into the fintech industry. She also has over 25 years' experience in the financial services and technology sector. Her senior level assignments include leading blockchain layer 1 protocol companies in business transformation, applying and obtaining fintech operating licenses in new countries for expansion, setting up of financial services call centres, overseeing the card business regionalisation programmes, creating alliances with synergies for organisations and providing consultancy to the C-suites. Ms Ng loves to share her passion for business through her roles as investor and active business consultant to various start-ups. She is very attached to her values and believes strongly in economic empowerment through business and investing in the youth by helping them to maximise their potential. In recognition of her contribution to women in tech space, Ms Ng was also recently awarded the Global Women Empowerment Icon of 2023 for being an Exceptional Woman in Blockchain.

Ms Ng is currently the Co-founder to a game development company that helps businesses' digital customer engagement and a blockchain based self-sovereign identity project for the future of ID data management.

Ms Ng has no directorship in any other public listed company. She has no family relationships with any other director and/or major shareholders of the Company and her directorship in the Company does not give rise to any conflict of interest situation. She has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. She has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. She has attended all the eight (8) Board Meetings held during the financial period ended 30 June 2023.

DIRECTORS' PROFILE
(Continued)

MR ARTHUR JACK HOGARTH ("MR ARTHUR')
Independent Non-Executive Director

Mr Arthur, a British, aged 30, male, was appointed to the Board on 27 September 2021. He was appointed as the member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company on 27 September 2021.

Mr Arthur received a Bachelor of Arts in Physics from Curtin University of California, Berkeley, in year 2016.

Mr Arthur has wide-ranging experience in cutting-edge technologies and the financial services sector. He currently manages an quantitative fixed-income trading desk at reputable Chicago-based firm Old Mission Capital.

Prior to joining Old Mission, he founded and led the Agricultural Derivatives trading desk at Belvedere Trading, leading a team of five. In his time at Belvedere, he led various digital transformation efforts – revamping the firm's fundamental operating ethos and bringing similarly transformative improvements to the firm's bottom line. He has also spent time at Chicago-based Gelber Group.

Mr Arthur also has extensive experience in the private equity space, having worked at Florida-based private equity firm, Third Lake Capital. During his time at Third Lake Capital, Arthur worked on various corporate transactions, including the leveraged buy-outs of Hooters, the renowned American food & beverage institution and of WingHouse,

Mr Arthur has no directorship in any other public listed company. He has no family relationships with any other director and/or major shareholders of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023. He has attended seven (7) out of eight (8) Board Meetings held during the financial period ended 30 June 2023.

KEY SENIOR MANAGEMENT'S PROFILES

MALAYANDI SUBU PALAN
Managing Director, NTS

Mr Malayandi Subu Palan, Malaysian, aged 28, male.

Mr Malayandi received a Bachelor of Arts in Applied Mathematics (with High Honours) from the University of California, Berkeley and was previously pursuing a PhD in Computer Science at Stanford University, until he dropped out to take on his current role.

Mr Malayandi has been part of SMRT's leadership team and has been leading N'osairis Technology Solutions Sdn Bhd ("NTS") (SMRT's primary technology entity) since 1 September 2019. In this time, he helped lead NTS to achieve significant growth at both the top and bottom lines while also doubling net profit margins. From the financial year ended 2018 to the financial period ended 2023, NTS has grown sites under management and PAT by 3x (both at a CAGR of 30+%) and PAT margin by 2x (from 19% to 38%).

He was a key member of the team that developed and executed SMRT's corporate restructuring exercise in 2023, which saw SMRT rationalise its diverse operations and emerge as a pure-play technology company, with NTS as its primary operating entity. Following the announcement and completion of this transaction, SMRT's market capitalisation grew to an all-time high of RM400m+ in June 2023 (up from RM40m in 2019, when Mr Malayandi first joined SMRT).

Prior to joining SMRT, Mr Malayandi was a published researcher pursuing a PhD in Computer Science, with a focus in Artificial Intelligence and Machine Learning ("AI/ML"). He has published original research works at leading AI/ML conferences/journals, including the "International Conference on Machine Learning", "Proceedings of Robotics: Science and Systems", and the "International Journal of Robotics Research". These works have been cited over 400 times by other researchers/scientists. Mr Malayandi has also spent some time working at Waymo (formerly known as the "Google Self-Driving Car Project") and jointly published research with scientists from Waymo/Google during this time.

Mr Malayandi is the son of Tan Sri Dato' Dr. R. Palan, a substantial shareholder, Non-Independent Non-Executive Director of the Company as well as the son of Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi, a substantial shareholder of the Company. He is also the brother of Mr Maha Palan, the Group Managing Director of the Company. Save as disclosed above, Mr Malayandi has no family relationship with any director and/or major shareholder of the Company. His position in the Company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023.

KEY SENIOR MANAGEMENT'S PROFILES
(Continued)

PARTHIBAN SEKARAN
Chief Operating Officer, NTS

Mr Parthiban Sekaran, Malaysian, aged 42, male.

Mr Parthiban has a Higher Diploma in Information Technology from NIIT Malaysia and has spent more than 17 years working in the technology (and particularly telecommunications) industry.

Mr Parthiban joined NTS as the Head of Operations in 3 March 2020 and was promoted to his current role in 1 August 2022, and has played a critical role in Company's growth. Upon joining NTS, he successfully restructured the Company's regional operations and project management functions to ensure that they could keep up with the Company's strong growth. In doing so, he helped ensure that NTS consistently met delivery targets and improved customer satisfaction even as the Company increased sites under management from 8,000+ in 2019 to 21,000+ in 2023 and doubled revenue in Indonesia year-on-year for three years running. He is currently responsible for all technical operations in the Company, overseeing the Operations, Project Management, and Engineering departments at NTS, and also plays a critical role in the Company's commercial functions.

Prior to joining NTS, Mr Parthiban spent time with various telecommunications companies but most notably, with Time Dot Com ("Time"). He served in various roles during his 13-year tenure and in his final role at Time, he served as the Head of Regional Operations, where he was primarily responsible for managing all technical operations at Time.

Mr Parthiban has no directorship in any other public listed company. He has no family relationship with any other director and/or major shareholders of the Company and his position in the company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023.

MANAGEMENT'S PROFILES

BAKHTIAR EFFANDI
Director of Special Projects

Mr Bakhtiar Effandi, Malaysian, aged 48, male.

Mr Bakhtiar holds a Bachelor of Engineering degree in electronics from Polytechnic University at Kanagawa Prefecture, Japan. He has over two decades of experience in the technology industry, during which time he predominantly worked at various multinational corporations.

Mr Bakhtiar joined NTS as a Senior Project Manager in 30 July 2021, overseeing the Company's project deployments for all customers and the Company's internal transformation efforts. Following a successful stint in this role, during which he drove key automation initiatives and helped the Company's Service Operations Centre reduce its average first response time for customers from 14 minutes to 5 minutes, he was promoted to the his current role as the Director of Special Projects – in this role, he now oversees the Company's regional expansion efforts, and continues to lead the Company's internal transformation efforts.

Before joining NTS, he was a Project Manager at Touch 'n Go Sdn Bhd ("TnG"), where he oversaw TnG's open payment initiatives. Prior to that, he spent six years at IBM, serving in various customer-facing roles. In his career, he has also worked at Hewlett Packard, Freescale Semiconductor, and Matsushita Electronic Motor. Alongside his practical experience, he holds several valuable industry certifications – including ITIL Expert v3 and Scrum Master Certified (SMC) – and speaks Japanese fluently.

Mr Bakhtiar has no directorship in any other public listed company. He has no family relationship with any other director and/or major shareholders of the Company and his position in the company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023.

MOHAMMED RIVAI
Principal Engineer

Mr Mohammad Rivai, Indonesian, aged 40, male.

Mr Rivai holds a Bachelor of Engineering degree in Mechanical Engineering from University of Syiah Kuala, Indonesia. He has spent almost two decades in the IT industry in various roles, but specifically in network engineering and IT security.

Mr Rivai joined NTS in 1 August 2016 and was a key member of the team that developed NTS' product offerings for the power sector, which has been the bedrock of the Company's growth since 2017. As the Company's principal engineer, he leads the technical aspects of the Company's engineering and product development efforts and supports the development of engineering talent at NTS by mentoring younger engineers. Mr Rivai also holds several industry certifications such as CCNP Service Provider, CCNP Enterprise, and JNCIS-SEC.

Prior to joining NTS, he was attached to several financial service institutions in Indonesia where he led various teams and projects in the IT domain.

Mr Rivai has no directorship in any other public listed company. He has no family relationship with any other director and/or major shareholders of the Company and his position in the company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023.

MANAGEMENT'S PROFILES
(Continued)

MUHAMMAD AL-THAHIRIE
Director of Engineering

Mr Muhammad Al-Thahirie, Malaysian, aged 35, male.

Mr Al-Thahirie holds a Diploma in Network Security from the German-Malaysian Institute. He has over a decade of dedicated service in the technology sector.

Since joining NTS as an Engineer in 18 September 2017, Mr Al-Thahirie has played a pivotal role in the organisation's growth. A specialist in network monitoring, Mr Al-Thahirie – who holds a Zabbix Certified Professional certification – was primarily responsible for designing and deploying NTS' monitoring infrastructure, which now reliably monitors over 21,000 remote sites today. Mr Al-Thahirie was promoted to his current role in 1 May 2021. In this role, Mr Al-Thahirie oversees the entire Engineering team and leads a dynamic team with expertise in systems engineering, network engineering, software development, information security, and also in operational technologies such as SCADA.

Prior to joining NTS, Mr Al-Thahirie worked in the telecommunications industry, with a Malaysian Internet Service Provider.

Mr Al-Thahirie has no directorship in any other public listed company. He has no family relationship with any other director and/or major shareholders of the Company and his position in the company does not give rise to any conflict of interest situation. He has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023.

CATHERINE ONG
Vice President of Human Resources & Procurement

Ms Catherine Ong, Malaysian, aged 50, female.

Ms Catherine has over 20 years of experience of working in human resources and administration roles in the IT industry.

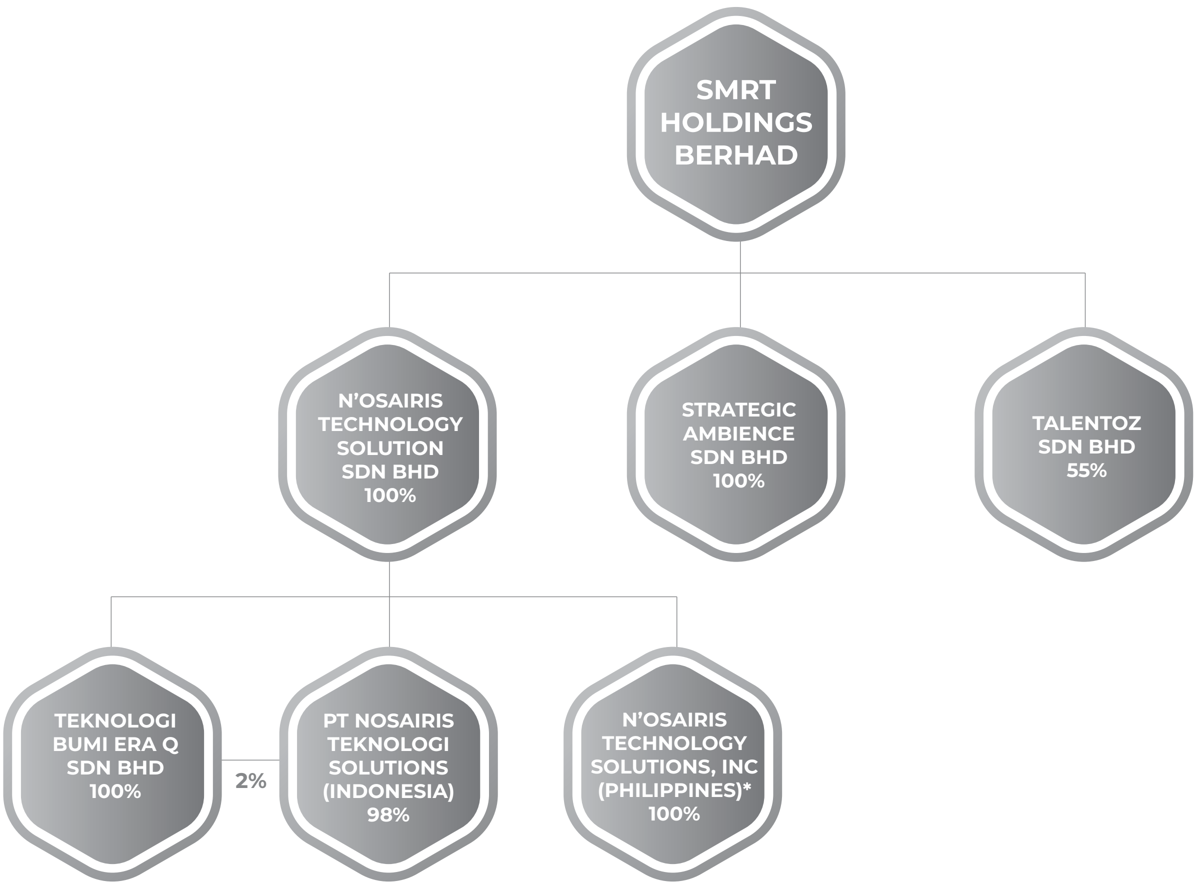
Ms Catherine joined NTS in 20 December 2016 and has led the Human Resources, Administration, and Procurement functions since. She has led the Company's people management function through a period of rapid growth – during her tenure, the number of full-time employees at the Company has grown from 20+ in 2016 to just under 100 in 2023.

Prior to joining NTS, she worked in similar business operations-centric roles at various firms, including in the IT, telecommunications, and manufacturing sectors.

Ms Catherine has no directorship in any other public listed company. She has no family relationship with any other director and/or major shareholders of the Company and her position in the company does not give rise to any conflict of interest situation. She has no conflict of interest or potential conflict of interest, including interest in any competing business that he has with the Company or its subsidiaries. She has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 June 2023.

GROUP CORPORATE STRUCTURE

As at 26 October 2023



*This subsidiary was newly incorporated on 2 October 2023.

MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion & Analysis ("MDA") is provided to assist shareholders to develop a clearer understanding of the results of our operations and financial condition when reading our Financial Statements shared below on pages 64 to 182. It should be noted that this MDA covers an 18-month financial period from 1 January 2022 to 30 June 2023 ("FPE2023"), following a change in SMRT's financial year end from 31 December to 30 June. Our MDA is presented in the following sections:

- Overview
- Results of Operations
- Way Forward

Overview

Our Reorganisation & Current Business Focus

Our Organisation has embarked on three (3) significant structural changes over FPE2023. This reorganisation initiative has resulted in SMRT transforming into a leader in Internet of Things ("IoT") digitisation for utilities in Malaysia and the wider region. Due to the completion of this transformation, the Organisation has also absorbed one-time accounting losses into our accounts. The key structural changes embarked upon are outlined below:

1. Disposal of SMR Properties Management Sdn Bhd on 30 March 2023. This disposal of SMRT's property management division was part of our strategic plan to streamline our business operations to focus on core activities with a greater potential for growth and profitability. The accounting treatment for this disposal resulted in an accounting adjustment that contributed to our reported losses under "Discontinued Operation."

2. Divestment of SMR Education Sdn Bhd on 19 May 2023. The decision to divest our Education segment was part of our strategic plan to streamline our business operations to focus on core activities with a greater potential for growth and profitability. The accounting treatment for this disposal resulted in an accounting adjustment that contributed to our reported losses under "Discontinued Operation."

3. Acquisition of the outstanding, non-controlling interest in our primary IoT Subsidiary - N'osairis Technology Solutions Sdn Bhd ("NTS") - on the 18 May 2023. By acquiring the outstanding equity interest in NTS, SMRT will now console all of NTS's financial results and strengthen our leadership position in the high growth sector. The accounting treatment for this acquisition exercise, being excess of purchase consolidation over the non-controlling interest acquired, also contributed to the one-time adjustment on retained earnings and net assets of the Group, as required under MRFS 10 – Consolidated Financial Statements.

Results of Operations

For the 18-month period, we posted a total revenue of RM87.71 million which represents a revenue growth of 74.21% (18 months). Our core technology segment posted a total revenue of RM 87.71 million, marking a significant increase compared to the RM 50.35 million reported for the 12-month period for the financial year ended 31 December 2021 ("FYE2021"). This represents a substantial growth of RM 37.37 million equivalent to approximately 74.21%. For illustrative on a 12-month pro-rated basis, the revenue recorded for FPE2023 represents an average growth rate of 16.14% in comparison to FYE2021.

The technology segment continues to operate at a sustainable Gross Profit margin of 56.25% (representing a growth of 9.8% relative to FYE2021) and an EBITDA margin 39.89% (representing a growth of 35.4% relative to FYE2021). The Group's Cash flows remained healthy with RM71.79 million net cash generated from operating activities in FPE2023. While the Group expects to incur additional expenditures moving forward as we reinvest into the Organisation to improve infrastructure and products in order to widen our offerings, we will continue to ensure that cash flows remain healthy.

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

Overall, FPE2023 marks a very significant milestone in our Organisation's history. As we transition into the Growth and Transformation phase, we are positioned to not only sustain but accelerate our profit expansion. This is underpinned by several key drivers:

1. Steady Revenue Growth - We have recorded our revenue of RM 87.71 million, marking an impressive growth of 74.21% compared to preceding year and a prorated growth of 16.14% relative to FYE2021). Our historical revenue Compound Annual Growth Rate (CAGR) of 36.28% stands as a testament to our dynamic growth trajectory. This impressive track record not only reflects our past achievements but also serves as a strong indicator of our potential for sustained success in the years to come.

2. Strengthening Recurring Income Model - Our growth in managed sites has fortified our foundation, creating a more robust and resilient recurring income model. This strategic approach ensures a steady stream of revenue, providing stability even in dynamic market conditions.

3. Expanding Footprint in Indonesia - Our strategic expansion into Indonesia has unlocked exciting growth opportunities in one of the region's most dynamic markets. With a burgeoning customer base and a commitment to excellence, we are poised to make a significant impact in this thriving ecosystem.

4. Impressive EBITDA Margin Exceeding 30% - A testament to our operational efficiency and strategic acumen, our EBITDA margin exceeding 30%. This remarkable margin underscores our ability to generate healthy returns while delivering exceptional value to our shareholders.

Way Forward

Having successfully completed our reorganisation, we now embark on an exciting journey ahead, to continue growing its leadership position within the IoT sector in Malaysia and the broader region. Our strategic focus, technological expertise, and commitment to innovation will be guiding lights as we navigate this path of growth.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

At SMRT Holdings Berhad ("SMRT" or "the Group"), we embrace the tides of transformation as a compass to thrive in an ever-shifting environment. In a world that is becoming increasingly digital, we recognise that adaptability and innovation emerge as key drivers of progress. Led by our purpose to deliver value to stakeholders, we have made strategic moves to re-position the Group as a pure-play enterprise Internet of Things ("IoT") solutions provider.

As we transition, sustainability continues to remain a top priority at SMRT, encompassing aspects of ethical business practices with an emphasis on Environmental, Social, and Governance ("ESG") considerations. We are committed to embedding sustainability in our work culture and operations, from research & development ("R&D") to human capital.

In this respect, we empower our employees to think and act sustainably, and seek to extend our principles across the supply chain, as we support our customers on their digitalisation journey. In this Sustainability Statement ("SS2023"), we outline the Group's sustainability strategies and initiatives in pursuit of a more equitable and interconnected future.

Reporting Period and Scope

The SS2023 covers an 18-month reporting period from 1 January 2022 to 30 June 2023, following the change in financial year end of SMRT. Information in this report encompasses the business operations and activities of SMRT and its wholly-owned subsidiaries, N'osairis Technology Solutions Sdn. Bhd. ("N'osairis"), and Strategic Ambience Sdn. Bhd.

Reporting Framework

This statement was prepared in accordance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Sustainability Reporting Guide and Toolkits 2nd Edition ("Sustainability Reporting Guide").

OUR SUSTAINABILITY COMMITMENT

As a responsible organisation, we acknowledge our role in shaping a more sustainable world and are committed to balancing the needs of shareholders and the community, with economic success. This dedication is demonstrated through SMRT's Sustainability Policy comprising key focus areas, as shown in the following diagram.

Sustainability at SMRT

SUSTAINABILITY STATEMENT
(Continued)

SUSTAINABILITY GOVERNANCE

Sound governance practices provide an important framework for implementing sustainability at SMRT. Sustainability governance starts at the highest level at SMRT with the Group's Board of Directors (the "Board") playing a crucial role in setting the direction for sustainability-related matters to be in line with SMRT's mission and values.

The Board is supported by the Group's Key Senior Management ("KSM") team, which is accountable for the integration of ESG priorities into the Group's strategies, operations, and deliverables. The KSM also tracks and monitors the Group's progress towards sustainability targets.

We believe that fostering a culture of sustainability requires active involvement at all levels of the organisation. Our sustainability efforts are further delegated down to the Heads of Departments and the employees at SMRT. Our Heads of Departments play a pivotal role in translating sustainability objectives into actionable plans within their respective areas of responsibility.

STAKEHOLDER ENGAGEMENT

Effective stakeholder communication paves way for the viability of our business. By gaining insights into stakeholder expectations and concerns, we maintain a high level of stakeholder confidence, while managing the impact of our business activities. In financial period ended ("FPE2023"), we remained focused on engaging with our stakeholders via various channels.

Stakeholder Group	Forms of Engagement	Areas of Interest
Shareholders / Investors	• Annual General Meetings • Bursa Malaysia announcements • Meetings and briefings	• Business continuity • Economic performance • Shareholders' return • Corporate governance • Risk management
Customers	• Regular engagements • Products and services briefings • Customer satisfaction survey • Media announcements	• Customer service and satisfaction • Pricing • Product quality and safety • Quality assurance • Energy conservation
Suppliers / Vendors / Contractors	• Regular interactions • Procurement agreements • Feedback to suppliers • Audit on suppliers	• Supply chain management • Ethical and transparent procurement policies • Pricing • Payment arrangements
Employees	• Management meetings with employees • Memos and intranet • Annual performance reviews • Trainings and development sessions • Office events	• Fair HR policies and practices • Job security • Health and safety • Workplace satisfaction • Professional growth • Key Performance Indicators
Local Communities	• Corporate activities • Meetings	• Fair and ethical practices • Contribution toward socio-economic growth
Government / Regulatory agencies	• Periodic site visits and meetings • Consultation on regulatory matters	• Compliance with regulations • Labour practices • Anti-corruption practices

SUSTAINABILITY STATEMENT

(Continued)

MATERIALITY ASSESSMENT

The Group's material matters capture the issues deemed vital for our business and stakeholders. These topics are the outcome of the materiality assessment process, including internal stakeholder consultation, and benchmarking against industry standards. The criteria used to determine materiality include topics that impact SMRT's business, stakeholders, as well as ESG performance. The results from the assessment are used to shape our sustainability strategy and define the content of this Sustainability Statement.

ECONOMIC

Corporate Governance and Compliance

Our dedication to the highest standards of professional conduct is central to everything we do. We have a strong commitment to promote values of integrity, transparency, and accountability throughout the Group. This is demonstrated by SMRT's compliance with local laws and the recommended corporate governance practices in the Malaysian Code on Corporate Governance 2021 ("MCCG").

We ensure the principles of corporate governance are observed without exception to safeguard stakeholder interests and enhance shareholder value. This is reinforced by the Group's key policies.

Anti-Bribery and Corruption Policy	Code of Conduct	Sustainability Policy	Insider Trading Policy
Whistle Blowing Policy	Investor Relations Policy	External Auditor Independence Policy	Fit and Proper Policy

Key Policies at SMRT

<u>Code of Conduct</u>

At SMRT, we remain resolute in maintaining high standards of integrity and ethical behaviour in our business operations. In respect to this, the Board has established a Code of Conduct which serves as a guiding framework for Directors, employees, and individuals acting on behalf of SMRT.

The code builds on SMRT's core values – Commitment, Accountability, Respect, and Excellence – to make sure our dealings are carried out in an ethical manner.

<u>Anti-Bribery and Corruption Policy</u>

The Group's Anti-Bribery and Corruption Policy clearly states our zero-tolerance stance towards bribery and corruption. Any form of bribery, corruption, extortion, embezzlement, or any kind of money laundering activities are strictly prohibited.

OUR CORPORATE VALUES

C – Commitment
Exceeding stakeholders' expectation with passion and vigour

A – Accountability
Being answerable for all our actions

R – Respect
Appreciating diversity and equality

E – Excellence
Engaging in the relentless pursuit of continuous improvement

SUSTAINABILITY STATEMENT

(Continued)

Violation of the policy will result in disciplinary action, including dismissal and termination of employment or contract in accordance with the laws. The Board regularly reviews and assesses the effectiveness of the policy. This policy can be viewed on SMRT's corporate website at https://www.smrt.holdings/corporate-governance.

We are bound by the laws of Malaysia, including the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Malaysian Anti-Corruption Commission (Amendment) Act 2018, and any subsequent amendments or re-enactments enacted by the relevant authority. These laws govern our conduct, both within Malaysia and internationally.

In FPE2023, there were zero reported incidents of corruption.

Whistleblowing Policy

SMRT has implemented a Whistleblowing Policy with a dedicated whistleblowing channel to facilitate accountability within the Group. This serves as a means for employees to report any information about suspected malpractices or irregularities without fear of reprisal or adverse consequences. All information, including the identity of the whistleblower, shall be treated as confidential unless otherwise required by law. Our Whistleblowing Policy is not static; it is reviewed periodically to ensure alignment with the latest best practices and regulatory requirements.

During the period under review, there were zero whistleblowing reports received.

Data Privacy and Security

At SMRT, data privacy and security are paramount. The rapid advancement of digitisation place evolving demands on organisations and require ongoing vigilance. As such, the Group's robust security protocols and practices are in place to safeguard sensitive information.

In compliance with the Personal Data Protection Act 2010, we have established a strict Data Protection Policy to facilitate the secure handling of all personal information and data gathered throughout our business dealings. This assures that our collection, use, disclosure, and care of personal data relating to customers, employees, Directors, and third parties we engage with are in adherence with applicable laws in order to prevent exploitation.

As part of the Group's data security framework, we maintain cybersecurity measures including continual assessment of our security systems, offering employees training on security standards, and having offsite backups to ensure minimal operational disruptions, among others. Regular security audits are also conducted to proactively identify and address potential risks.

Furthermore, we are actively working towards obtaining ISO/IEC 27001:2013 Information Security Management System certification by aligning our practices and procedures with recognised international standards. This undertaking reflects our steadfastness in ensuring the highest level of information security across the Group.

During the period under review, there were zero data breaches or cyberattack incidents. Moving forward, we remain focused on fortifying our information security system to deter unauthorised access and minimise the risk of potential threats.

Supply Chain Management

We source a wide array of products and services essential to our business, including, among others, cloud computing services, data servers, software, and hardware devices. We seek to extend our sustainability principles into our supply chain through responsible procurement practices, including monitoring of suppliers against the Group's Procurement Policy.

As such, we expect all vendors to adhere to the same high standards for ethics, labour rights, health and safety, and the environment, to name a few. These expectations of ours are also stipulated in SMRT's Code of Conduct. Specifically, due diligence exercise is carried out on new suppliers.

SUSTAINABILITY STATEMENT
(Continued)

Our procurement process promotes fair competition and maintains a high level of objectivity when selecting suppliers, taking into consideration various criteria fulfilling our requirements in commercial, technical, financial, and operational aspects. Our aim is to build a sustainable supply chain with suppliers that will create lasting value by optimising costs and scaling growth, in adherence to regulatory requirements.

Looking ahead, we intend to include criteria in relation to ESG aspects in the Procurement Policy and vendor selection process. This underscores our seriousness in promoting responsible practices across our supply chain.

Whenever possible, we maintain our commitment to local sourcing for cost-efficiency and faster turnaround, in addition to empowering the local economy.

Product Innovation

We recognise the critical function of innovation in the IoT industry to drive sustainable progress and long-term business success. In today's digital world, it is essential to align our research and development ("R&D") goals with market opportunities.

According to the National IoT Strategic Roadmap, the IoT landscape is expected to reach RM42.5 billion in 2025, as compared to RM9.5 billion in 2020. With growing device connectivity, there is immense potential for IoT solutions. The Group's R&D activities are geared towards capitalising on these arising prospects and staying at the forefront of this dynamic market.

At SMRT, we continually innovate to anticipate and fulfil our customers' evolving needs. This forward-looking approach ensures that our IoT and digitalisation solutions remain relevant and are scalable to various sectors.

Product Quality

In our industry, it is imperative that our products and services meet our customers' needs and regulatory requirements. As such, we are focused on applying rigorous quality standards to our products and services. Internally, we have established a Quality Management System ("QMS") that adheres to stringent quality management criteria based on internationally recognised standards, specifically ISO 9001:2015 QMS. Our QMS enables us to continuously enhance our operations and processes, thereby maintaining our competitiveness in the ever-changing landscape of IoT solutions.

Customer Satisfaction

SMRT holds our customers in the highest regard, recognising that their satisfaction is not just a goal, but an essential driver of revenues for the Group. As such, building strong and enduring relationships with customers is a key component of our sustainability commitment. This involves innovating and delivering IoT solutions that address customers' needs in a timely manner to make sure their operational facilities are fully functional.

Our aim is to anticipate and respond to customer needs, while making sure our people have the right skills and knowledge to deliver. We achieve this through a multi-channel support approach, thus maintaining open and consistent communication with our customers to gather input on the quality of our offerings.

In FPE2023, we continued to conduct customer surveys to solicit insights on various factors in relation to quality, competency, and flexibility criteria. The feedback from our customers are taken seriously and incorporated into our processes to enhance the Group's performance and deliverables.

SUSTAINABILITY STATEMENT
(Continued)

ENVIRONMENTAL

Environmental Compliance

At SMRT, we understand that our responsibility extends beyond delivering IoT solutions; it encompasses the duty to manage our impact on the environment. We constantly adhere to environmental regulations and standards set by the authorities, including the Environmental Quality Act 1974, and its applicable regulations.

Across the Group, we have established proper procedures and processes as part of our efforts to manage environmental risks and impact. We have put into action a Sustainability Policy to better manage environmental compliance and prevent pollution. The policy seeks to maintain and advance our sustainability goals by ensuring that our operations are carried out in a sustainable manner.

There were zero major incidences involving fines, penalties or non-monetary sanctions for noncompliance with environmental laws and regulations in FPE2023.

Climate Change & Energy Management

SMRT recognises its role in joining responsible corporations globally to combat climate change. The planet is vulnerable to climate change as it poses risks and opportunities for businesses in terms of both physical and economic impacts.

With this in mind, SMRT is taking steps to better position the Group to adapt to climate change. This is done by advancing our IoT solutions, in addition to optimising energy efficiency across the Group to reduce our carbon footprint.

IoT solutions play an important role in combating climate change. By seamlessly connecting systems, we enable real-time data collection, analysis, and control, therefore empowering our customers to make informed decisions. This transparency allows businesses to accurately track their data and contributes to more sustainable use of resources.

At the same time, efficient energy management contributes to the reduction of greenhouse gas ("GHG") emissions. We mainly consume energy in the form of electricity to power our operations. Recognising the environmental impact of our energy consumption, SMRT has implemented initiatives to optimise energy efficiency across the Group. This includes installing IoT solutions at our premises to monitor and manage energy usage more effectively, utilising energy-efficient lighting systems and appliances, and undertaking regular maintenance of equipment for optimal performance, to name a few. Moreover, our employees are educated on the importance of energy conservation and encouraged to practise simple yet effective habits, such as switching off the lights and air conditioning when not in use.

Our journey towards climate resilience is ongoing. We are dedicated to making progress in reducing our ecological impact. Moving forward, we intend to track our GHG emissions, and explore renewable sources, such as solar energy, to power our operations.

Waste Management

Efficient waste management is a key component of our environmental stewardship, aimed at curbing GHG emissions. Among these emissions, methane from landfills significantly contributes to global warming. Therefore, our dedication to waste reduction efforts not only minimises methane emissions, but also helps us address the pollution and health hazards associated with improper waste disposal.

To fulfil this commitment, stringent waste management procedures have been integrated throughout our organisation. These encompass the entire waste management lifecycle, from collection and transportation to treatment and disposal.

SUSTAINABILITY STATEMENT
(Continued)

As an IoT solutions provider, we are mindful of the environmental impact of the electronic waste ("e-waste") we generate. To this end, we have constituted responsible e-waste practices, assuring that devices are disposed in compliance with environmental regulations.

Where possible, the Group avoids the use of hazardous or environmentally harmful substances and products containing such substances. We also promote practices that generate less waste with the adoption of a paperless approach in our office environment by digitalising our records and minimising physical copies. This not only decreases our paper usage but also enhances the security of sensitive and confidential information.

As for the Group's hazardous waste, we engage a third-party licensed contractor in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 to manage said waste. This guarantees that our scheduled wastes are meticulously handled, treated, and disposed of to prevent harm to the environment and public health.

At the same time, we actively encourage the recycling of materials, including e-waste and other recyclable materials. By diverting materials away from landfills, we are contributing to a more sustainable future, where resources are conserved and repurposed, reducing the impact of said waste on our planet.

Water Management

Water is a finite resource and although we do not operate in water-stressed regions, we are committed to adopting responsible water management practices to ensure sustainable operations.

Due to the nature of our technology-focused business, our water consumption is relatively low, with the majority of it being used for sanitary and amenity purposes. Nonetheless, we promote water conversation among employees throughout our premises, emphasising the importance of responsible usage.

SOCIAL

Talent Attraction & Development

Our people are our most valuable asset, being the backbone of our day-to-day operations and the driving force behind our progress. We recognise that in a competitive landscape where skilled talent is highly sought-after, attracting the right individuals and nurturing their growth is pivotal to our continued success. As such, we have put in place human resources strategies to secure SMRT as an employer of choice.

We believe that a positive and dynamic work environment is essential in attracting and retaining top talents. This includes ensuring the workplace is safe and conducive to productivity. We practise open-plan concept in our offices as we seek to create spaces where employees can collaborate and innovate with ease.

At the same time, we believe in fostering a healthy work-life balance for our people. To support this, we offer flexible working hours, along with the option to work remotely. Our flexible work arrangements allow our employees to have better control over their daily schedules. This autonomy contributes to a more content and motivated workforce.

We also place great emphasis on building a culture of continuous learning and development. With this in mind, we provide employees with opportunities to grow and thrive at SMRT. Our approach includes offering training programmes in relation to technical, management, and leadership topic, for our people reach their full potential. Our workforce's training needs are identified through assessing employees' performance reviews. This not only enhances our organisational competencies which enable us to reach our commercial objectives, but also contributes to overall employee satisfaction. In FPE2023, our employees clocked in 488 training hours; attending 61 physical and virtual training sessions.

SUSTAINABILITY STATEMENT
(Continued)

Furthermore, we extend opportunities to the next generation of talent by offering internship placements to undergraduate students. These internships provide invaluable practical experience with SMRT and play an important role in developing the next generation of talent in our industry.

Recognising that attracting and nurturing talent goes hand-in-hand with rewarding excellence, we have crafted competitive remuneration structures benchmarked against industry standards. These packages encompass a wide range of benefits including annual leave, maternity and paternity leave, as well as medical coverage, to provide our employees with comprehensive care.

Diversity and Equal Opportunity

At SMRT, our corporate values underscore the importance of appreciating diversity and equality. These values are embedded in the fabric of our organisation as we aim to be an equal opportunity employer guided by the principles set out in SMRT's Code of Conduct.

The Group's steadfastness to equal opportunity translates to tangible practices within the Group. This means that our hiring process are designed to be inclusive and free from bias. We ensure candidates are evaluated solely based on their skills and qualifications, disregarding age, gender, religion, or any other characteristics. Our goal is to build an inclusive workforce as we recognise that diversity brings different perspectives that enhance decision-making, leading to better solutions.

Importantly, we maintain a zero-tolerance stance against any form of discrimination. Employees are not only encouraged to speak up, but are also assured that their concerns will be addressed promptly and decisively. We seek to create a work environment where every individual feels safe and respected.

Occupational Safety & Health

The safety and health of our employees are crucial to the long-term sustainability of our operations. We are responsible for keeping our workforce safe, healthy and free from injuries and diseases by ensuring that there are proper procedures and tools to carry out their work safely. Our commitment is reinforced through the Group's Health and Safety Policy and Code of Conduct, outlining our pledge to uphold workplace safety.

We abide by the requirements stipulated in the Occupational Safety and Health Act 1994 ("OSHA") and all other applicable statutory regulations. The Group's Health and Safety Department undertake a critical function in maintaining compliance and implementing safety measures effectively across the Group.

One of the cornerstones of our health and safety efforts is prevention. Our Health and Safety Department is accountable for identifying and mitigating potential hazards, making sure risks are minimised. This involves conducting safety inspections across our facilities, allowing us to identify potential issues before they become threats.

Proper standard operating procedures ("SOP") and clear instructions are established to facilitate prompt reporting and action in the case of incidences. Thorough investigations are carried out to understand the root causes and prevent similar incidents from occurring in the future.

We also strive to build a culture of safety among the Group's workforce. Through safety training, awareness campaigns, and safety drills, we empower our employees to be active participants in maintaining a safe workplace.

We are pleased to update that we have achieved zero workplace accidents and fatalities in FPE2023 as a result of the implementation of our safety initiatives.

SUSTAINABILITY STATEMENT
(Continued)

Labour Practices & Standards

The Group respects human rights and has enforced policies and procedures to ensure we meet local and international human rights standards. We operate in accordance with labour laws and regulations of where we operate, including the Employment (Amendment) Act 2022, which protects employees' rights and prohibits child labour.

Our commitment to human rights is demonstrated through key principles that promote fair labour practices throughout the Group.

Labour Standard	Our Approach
Child labour	We adhere to restrictions on child labour imposed by regulations, including the Children and Young Persons (Employment) (Amendment) Act 2019. All our employees are above 18 years old.
Forced labour	We do not use involuntary labour in our workforce and supply chain.
Humane treatment	We do not encourage, tolerate or support inhuman or degrading treatment or abuse at SMRT.
Working hours	We comply with local working hours and overtime laws. We also provide flexible working hours for employees.
Wages and benefits	We ensure equal pay for equal work and remunerate our employees in compliance with applicable wage laws, including the Minimum Wages Order 2022.

In FPE2023, there were zero reported incidents or complaints pertaining to SMRT's labour standards, including human rights violations such as discrimination, child labour or forced labour in the Group or in our supply chain.

Contribution to Community

SMRT is dedicated to being a responsible corporate citizen and making a positive impact on the communities where we operate. We support the community through job creation and corporate social responsibility ("CSR") programmes.

We recognise the importance of prioritising local hiring in our operations and strive to do so across our operations. This helps stimulate the local economy and contribute to the socio-economic development of the communities.

At the same time, we encourage employee volunteerism in CSR programmes that support the well-being of the community. In FPE2023, SMRT's employees volunteered in an art workshop for children with cerebral palsy ("CP") organised by the Gabungan Anak-Anak Palsi Serebrum ("GAPS"), a non-profit non-governmental organisation ("NGO"). The event was aimed at raising awareness on the difficulties faced by the CP community and their needs that vary with each afflicted individual.

SMRT's contributions through our volunteering efforts were focused on helping the children explore alternative creative methods based on their capabilities, aiding with movement and giving advice, and fostering a supportive atmosphere for the children to feel included in the activity.

The children were asked to create artworks inspired by the movie franchise, 'Star Wars'. Their works were later displayed and sold during a Star Wars-themed charity event called Festival of the Force, of which the proceeds were channelled back to GAPS.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") is pleased to present this overview statement which sets out a summary of the Company's and its subsidiaries' (collectively referred to as "**Group**") corporate governance practices during the financial period ended 30 June 2023 in accordance with the Malaysian Code on Corporate Governance ("**MCCG**"). The Company had on 5 April 2023 changed its financial year end from 31 December to 30 June and the new financial period shall be from 1 January 2022 to 30 June 2023. This statement is to be read together with the Corporate Governance Report 2023 ("**2023 CG Report**") of the Company as the application of each practice as set out in the MCCG is disclosed in the 2023 CG Report. The 2023 CG Report is available on the Company's website at www.smrt.holdings.

The Board is committed to ensure that good corporate governance is maintained throughout the Group. The Board is supportive of the corporate governance framework and continues to enhance existing practices and achieve the objectives of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD LEADERSHIP

Board Duties and Responsibilities

The Board is primarily responsible for the stewardship and strategic direction of the Group including assessing and agreeing with the Group's corporate objectives and goals and targets to be met by management while management is responsible for the execution of the policies and attainment of the objectives of the Group.

The respective roles and responsibilities of the Board and management are clearly set out and understood by both parties to ensure accountability.

The Independent Non-Executive Directors are responsible for providing impartial and independent opinions, advice and contributing their knowledge and experience to the formulation of policies and the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process.

The Executive Directors hold the principal obligations in guiding, regulating, managing and communicating the Group's goals and objectives as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors assisted by the management are responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Board had assumed the following duties and responsibilities during the financial period ended 30 June 2023:

(a) Reviewed the efficiency and quality of the Group's financial reporting process and the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and was satisfied that the internal control systems and information systems were adequate in all material aspects and that the Group complied with applicable laws and regulations;

(b) Identified principal risks of all aspects of the business and ensured that appropriate systems were implemented to manage these risks;

(c) Monitoring and reviewing compliance with internal control policies and risk management systems;

(d) Reviewed the interim financial statements and the annual report and was satisfied that the financial statements and the contents of the annual report reflected the true and fair view of the financial position and results of the Group and presented its activities accurately;

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

(e) Evaluated the conduct of the Group's business based on the monthly and quarterly financial and other reports prepared by management and concluded that the business is being managed sustainably;

(f) Reviewed the Sustainability Report of the Group and was satisfied that the report reflects the sustainability of its business and the environment it operates in;

(g) Ensured that the Company's investor relation programmes and shareholders' communication policy were implemented effectively.

(h) Reviewed succession planning including appointing, training and fixing of compensation of Executive Directors and senior management;

(i) Ensured continuing education or training for Directors to keep abreast of relevant changes in laws and regulations and the development of the industry;

Board and Board Committees

The Board has delegated specific duties to three (3) main Board Committees in discharging its fiduciary duties, namely the Audit and Risk Management Committee ("**ARMC**"), the Remuneration Committee and the Nomination Committee. The Board Committees are guided by their respective terms of reference approved by the Board. All the Board Committees report to the Board with the necessary recommendations and the ultimate responsibility for final decisions on all matters is governed by the Board.

Non-Independent Non-Executive Chairman

The Board is currently led by a Non-Independent Non-Executive Chairman, Mr Subramanian A/L Amamalay. Mr Subramanian A/L Amamalay was appointed as a Non-Independent Non-Executive Director of the Company on 11 April 2022 and was redesignated as Non-Independent Non-Executive Chairman on 4 January 2023. The Board, notwithstanding that the Chairman is a Non-Independent Non-Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board. In addition, the Chairman is not involved in the day-to-day management of the Group's business.

Separation of Position of Chairman and Group Managing Director

During the financial period ended 30 June 2023, the Company has complied with the recommendation of the MCCG where the positions of chairman and chief executive officer are held by different individuals, and that the chairman is a non-executive member of the board. The Board was chaired by the Non-Independent Non-Executive Chairman, Tan Sri Dato' Dr R Palan until 4 January 2023. On 4 January 2023, Tan Sri Dato' Dr R Palan was redesignated as Non-Independent Non-Executive Director and the chairmanship was replaced by Mr Subramanian A/L Amamalay. The Group Managing Director is Mr Maha Ramanathan Palan.

Roles and Responsibilities of Chairman and Group Managing Director

The roles of the Chairman and the Group Managing Director are clearly defined and segregated to ensure an appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman is responsible for leading the Board in the oversight and supervision of the Group's management while the Group Managing Director together with the Executive Directors are responsible for the day-to-day management of the business and operations of the Group, making strategic business decisions and implementing Board's policies and decisions. They are supported by a management team and other committees established under the Group's management framework. The relevant members of the management attended Board meetings by invitation to support the Group Managing Director and the Executive Directors in presenting the updates on the progress of key initiatives, business targets and achievements to-date, and to provide clarification on significant operational issues and queries raised by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Key Senior Management

All members of the key senior management are members of the Board. The Group Managing Director and the Executive Directors are responsible for the identification and development of the key senior management as well as to review the succession planning for key senior management team from time to time. Potential candidates are identified from within and outside the Group and groomed to take more responsibilities in due course. During the financial period ended 30 June 2023, there was no new key senior management appointed by the Company.

Company Secretary

The Board is supported by qualified and competent Company Secretaries who are both members of the Malaysian Institute of Chartered Secretaries and Administrators and the Companies Commission of Malaysia for practising company secretaries. They are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated by the Company Secretary on any new statutory and regulatory requirements that affect the duties and responsibilities of the Directors. In this respect, the Company Secretaries have attended relevant continuous professional development programmes to keep themselves abreast with the regulatory requirements and corporate governance development. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the services and support rendered by the Company Secretaries in the discharge of their duties. The Company Secretaries attended all the Board meetings and Board Committee meetings held in the financial period ended 30 June 2023.

Board Charter

The Board is guided by the Board Charter which sets out the duties and responsibilities and matters reserved for the Board in discharging its fiduciary duties. The Board reviews the Board Charter periodically to ensure that it continues to remain relevant and appropriate. The Board Charter is published on the Company's website at www.smrt.holdings.

Code of Conduct and Ethics for Directors

The Company has put in place a Code of Conduct and Ethics for Directors which governs the standards of ethics and good conduct expected of Directors. The Board reviews the Code of Conduct and Ethics for Directors periodically to ensure that it continues to remain relevant and appropriate. The Code of Conduct and Ethics for Directors is published on the Company's website at www.smrt.holdings.

Whistle Blowing Policy

The Board has formalised a Whistle Blowing Policy with the aim to provide an avenue for raising concerns related to a possible breach of business conduct, any actual or potential fraud or breach of trust involving employees, management and Directors of the Group, non-compliance with laws and regulatory requirements as well as other malpractices. The Group's Whistle Blowing Policy seeks to foster an environment of integrity and ethical behaviour and to expose any illegal or improper action in the Group. In the financial period ended 30 June 2023, no complaints were received by the Board. The Whistle Blowing Policy is accessible by the public through the Company's website at www.smrt.holdings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had adopted the ABAC Policy which set out the Group's responsibilities in providing principles, guidelines and recommendations to the employees on the procedures to deal with solicitation, bribery and corruption that could possibly arise on the business dealing and operation activities. The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABAC Policy to foster the commitment of the employees in instilling the spirit of integrity and to avoid all forms of corruption practices within the organisation. The ABAC Policy is accessible by the public through the Company's website at www.smrt.holdings.

Fit and Proper Policy

In line with the new rule of the AMLR on 19 January 2022, the Board had on 30 May 2022 adopted the Fit and Proper Policy to ensure a formal and transparent process for the appointment and re-election of Directors and key senior management of the Group. The execution is delegated to the Nomination Committee and to be reviewed and approved by the Board. This Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary in accordance with the needs of the Company. The Fit and Proper Policy is published on the Company's website at www.smrt.holdings.

Promote Sustainability

The Board has formalised and adopted a Sustainability Policy which is posted on the Company's website at www.smrt.holdings. The Sustainability Policy sets out the manner in which the Group operates its business, which is conducted in a socially responsible, trustworthy and ethical manner while accepting responsibility for impact on the environment, social and governance areas. The Sustainability Policy focuses on social awareness and betterment, environmental preservation and effective corporate governance. The details of the sustainability efforts are set out in the Sustainability Statement of the 2023 Annual Report.

Access to Information and Advice

The Board is supplied with all meeting materials in a timely manner. The Company Secretaries and the management are responsible for ensuring that the Board receives the agenda and board papers at least seven (7) days prior to the meetings to ensure that the Directors have sufficient time to go through the board papers before the meeting. The proceedings of meetings are properly recorded by the Company Secretary and circulated to the Board members in a timely manner. The decisions made at the Board meetings are communicated to the management in a timely manner too to ensure appropriate execution. The Board has access to the services and the advice of the Company Secretaries and professional advice from third parties. The non-executive Directors also have access to information from the management.

II. BOARD COMPOSITION

Current Board Composition

The current Board consists of seven (7) Directors i.e. one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Director, one (1) Group Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors. The Board members are as follows:

Board Members	Directorship
Mr Subramanian A/L Amamalay (Appointed as Director on 11 April 2022 and redesignated as Non-Independent Non-Executive Chairman on 4 January 2023)	Non-Independent Non-Executive Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Board Members	Directorship
Tan Sri Dato' Dr R Palan (Redesignated as Non-Independent Non-Executive Director on 4 January 2023)	Non-Independent Non-Executive Director
Mr Maha Ramanathan Palan	Group Managing Director
Mr Chu Kheh Wee	Executive Director
Ms Lim Kwee Yong	Senior Independent Non-Executive Director
Ms Ng Kit Ching	Independent Non-Executive Director
Mr Arthur Jack Hogarth	Independent Non-Executive Director
Mr Malayandi @ Kalaiarasu (Resigned as Director on 28 June 2023)	Former Executive Director

Pursuant to Rule 15.02 of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), a listed corporation must ensure that at least two (2) directors or one-third (1/3) of the board of directors, whichever is the higher, are independent directors and one (1) director of the listed corporation is a woman. If the number of directors of the listed corporation is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used. In the event of any vacancy in the board of directors resulting in non-compliance with the above, a listed corporation must fill the vacancy within three (3) months.

During the financial period ended 30 June 2023, the Company complies with Rule 15.02 of the AMLR of Bursa Securities as the current Board consists of seven (7) Directors, of whom three (3) are Independent Non-Executive Directors and two (2) are woman Directors. The composition and size of the Board is reviewed from time to time to ensure its appropriateness and effectiveness.

Independence

The Board is mindful of the MCCG's recommendation which states at least half (1/2) of the board shall comprise of independent directors. The current Board comprises of seven (7) Directors, of whom three (3) are Independent Non-Executive Directors. They constitute 43% of the Board. The Board will endeavour to seek suitable independent candidates in the future to apply the recommended best practice.

The Independent Non-Executive Directors satisfy the independence test under the AMLR of Bursa Securities. All Independent Directors of the Company are independent of management and have no family or business relationships with the Executive Directors and major shareholders which could interfere with the exercise of their independent judgement. The presence of the Senior Independent Non-Executive Director provides an additional channel for Independent Non-Executive Directors to voice any opinion or concern that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in the open forum.

Tenure of Independent Directors

The Company does not have a policy on the tenure for independent directors as the Board is of the view that by imposing a fix term of limit for independent directors may not necessarily guarantee the independence and judgement of a director. Therefore, the Board deems it not necessary to impose a fix term limit for Independent Non-Executive Directors at this juncture.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Pursuant to MCCG, the tenure of an independent director must not exceed a cumulative term limit of (9) nine years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, the board must justify its decision and seek annual shareholders' approval through a two-tier voting process.

On 19 January 2022, Bursa Securities had enhanced the listing requirements, among others, to further strengthen the board independence where a person can serve as an independent director for not more than a cumulative tenure of twelve (12) years and all long-serving independent directors impacted by this enhancement must resign or be redesignated as non-independent directors by 1 June 2023.

As present, there are no Independent Non-Executive Directors in the Company serving beyond nine (9) years.

Board Diversity

Although the Company does not have a formalised policy on gender diversity, the Board is aware of the importance of diversity and is supportive of the recommendation of the MCCG to the establishment of boardroom and workforce gender diversity policy. The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.

The Group will evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidate's competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group regardless of gender. Equal opportunity is given to all throughout the organisation. The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group.

Appointment of new Directors is undertaken by the Board after considering the recommendations from the Nomination Committee. In searching for suitable candidates, the Nominating Committee may receive suggestions from existing Board Members, the management and/or major shareholders. The Nomination Committee is also open to referrals from external sources such as industry and professional associations as well as independent search firms.

During the financial period ended 30 June 2023, Mr Subramanian A/L Amamalay was proposed to the Nomination Committee as a potential candidate for directorship by an existing Board member of the Company. The Nomination Committee reviewed and recommended to the Board the appointment of the new candidate based on the candidate's competency, skills, character, time commitment, knowledge and experience. The appointment of Mr Subramanian A/L Amamalay as Independent Non-Executive Director of the Company took effect on 11 April 2022.

At present, there are two (2) female Directors in the Board which represents 29% women directors on Board. This is not in line with the MCCG of at least 30% representation of women on Board. The Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female Director onto the Board in future to achieve a more diverse perspective.

Time Commitment and Directorship in Other Public Listed Companies

The directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her roles and responsibilities. Directors are required to notify the Chairman before accepting any new directorship. Any Director is, while holding office, at liberty to accept other board appointments in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Each Board member is expected to achieve at least 50% attendance of total board meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/ or Company Secretaries, where applicable.

During the financial period ended 30 June 2023, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. This is evidenced by the attendance records of the Directors at all meetings held during the financial period under review. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

Board Meetings

The Board met eight (8) times during the financial period ended 30 June 2023. Details of the Directors' attendance at the Board meetings are as follows:

Board Members	Board Meetings Attended
Mr Subramanian A/L Amamalay (Appointed as Director on 11 April 2022 and redesignated as Non-Independent Non-Executive Chairman on 4 January 2023)	6/7
Tan Sri Dato' Dr R Palan (Redesignated as Non-Independent Non-Executive Director on 4 January 2023)	8/8
Mr Maha Ramanathan Palan	8/8
Mr Chu Kheh Wee	8/8
Ms Lim Kwee Yong	8/8
Ms Ng Kit Ching	8/8
Mr Arthur Jack Hogarth	7/8
Mr Malayandi @ Kalaiarasu (Resigned as Director on 28 June 2023)	8/8

All the Directors have complied with the minimum 50% attendance requirement in respect of the Board meetings held during the financial period ended 30 June 2023.

The Board meets on a quarterly basis to review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings will be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors may also approved various matters requiring the sanction of the Board by way of circular resolutions.

Directors' Training

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The new Director, Mr Subramanian A/L Amamalay who was appointed to the Board during the financial period ended 30 June 2023 had undergone the Mandatory Accreditation Program ("**MAP**") prescribed by Bursa Securities on 4 – 6 July 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

On 6 June 2023, the Securities Commission Malaysia and Bursa Securities had announced the roll out of a new MAP for directors of public listed companies known as MAP Part II. The existing MAP is now known as MAP Part I. All current Directors must complete the MAP Part II within 24 months from 1 August 2023 to be deemed to have completed the MAP and be issued with the certificate of completion of MAP. The Directors undertake to complete the MAP within the prescribed period.

During the financial period ended 30 June 2023, the Directors have attended the following training:

Board Members	Courses Attended
Mr Subramanian A/L Amamalay (Appointed as Director on 11 April 2022 and redesignated as Non-Independent Non-Executive Chairman on 4 January 2023)	• Depression, Anxiety, & Panic Attack" Understanding and Management • Learning Strategy: Supporting Self-Directed & Social Learning • Leadership for 2023: How Great Leaders influence the Head, Heart and Action • The Puzzle of Intrinsic Motivation - A Whole New Perspective for Productivity
Tan Sri Dato' Dr R Palan (Redesignated as Non-Independent Non-Executive Director on 4 January 2023)	• How to build your fist Unicorn • Depression, Anxiety & Panic Attack Management • SHRM Tech Conference & Expo, Hyderabad • Learning Extravaganza
Mr Maha Ramanathan Palan	• Harvard Business Review - Driving Growth Through Transformation • Harvard Business Review – How to Help Students Discover Their Strengths • Harvard Business Review - What It Takes to Lead an Organizational Transformation • The Asia HRD Congress 2022 • Webinar: How Great Leaders influence the Head, Heart And Action
Mr Chu Kheh Wee	• Learning Extravaganza • The Asia HRD Congress 2022 • Webinar: How Great Leaders influence the Head, Heart And Action
Ms Lim Kwee Yong	• ESG Reporting : A Key to Value Creation Today • Transfer Pricing Documentation: DO's & DON'Ts • Fundamentals of Corporate Finance
Ms Ng Kit Ching	• Principles of Money, Banking and Finance • Token Economics • Blockchain and Entrepreneurship Management • Open and Decentralized Financial Systems
Mr Arthur Jack Hogarth	• The Asia HRD Congress 2022
Mr Malayandi @ Kalaiarasu (Resigned as Director on 28 June 2023)	• Beyond the Spectrum by Prof Dr Mazlee Malik • National Training Week (NTW) 2023 by HRD Corp • Clinical Homeopathy Seminar 2023 by Dr Muhammed Rafeeque • Inspiring Conversations Journey of Awesomeness by Sidd Ahmed

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

During the financial period ended 30 June 2023, the Directors were updated on the recent developments in the areas of statutory and regulatory requirements from the briefing by the external auditors, the internal auditors and the Company Secretaries during the Board's and Board Committees' meetings. The Directors will continue to undergo relevant training programmes to enhance their skills and knowledge.

Nomination Committee

The current Nomination Committee consists of not less than three (3) members and comprises wholly of Independent Non-Executive Directors. The members of the Nomination Committee are as follows:

Nomination Committee Members	Position	Directorship
Ms Lim Kwee Yong	Chairman	Senior Independent Non-Executive Director
Ms Ng Kit Ching	Member	Independent Non-Executive Director
Mr Arthur Jack Hogarth	Member	Independent Non-Executive Director

The Board has established the Nomination Committee with the responsibilities of assessing the balanced composition of the Board members, nominating the proposed Board member by looking into his/her skills and expertise for contribution to the Company on an ongoing basis.

The summary of activities undertaken by the Nomination Committee during the financial period ended 30 June 2023 were as follows:

(a) Reviewed the effectiveness of the Board as a whole, the Board Committees and the individual Directors and made appropriate recommendations to the Board; and

(b) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting ("**AGM**") in accordance with the Company's Constitution.

(c) Reviewed and recommended to the Board the appointment of new Director based on the Director's competency, skills, characters, time commitment, knowledge and experience.

The evaluation of the Company for the financial period ended 30 June 2023 was conducted internally by the Nomination Committee on 27 February 2023 and 29 August 2023. Based on the assessment conducted, the Board was satisfied with the size, composition as well as the mixture of qualifications, skills and experience among the Directors and the members of the Board Committees and the independence of its Independent Non-Executive Directors. The Nomination Committee found the individual Directors to be consistently good in discharging their duties and responsibilities. Additionally, there was mutual respect among individual Directors who contributed to a healthy environment for constructive deliberation and a robust decision-making process.

Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year shall retire by casual vacancy at the Company's AGM following his/her appointment. The Company's Constitution also provides for at least one-third (1/3) of the remaining Directors who do not retire as aforesaid shall retire by rotation at every AGM. The Company's Constitution further provides for every Director to retire once in every three (3) calendar years. All retiring Directors are eligible for re-election by shareholders at the AGM. The Nomination Committee had on 29 August 2023 reviewed the annual re-election of Directors based on the characteristic, integrity, competency and time commitment of the Directors in discharging their duties and responsibilities and recommended to the Board, the re-election of the retiring Directors pursuant to the Company's Constitution and for approval by shareholders at the forthcoming Nineteenth (19th) AGM of the Company. The details of Directors seeking re-election at the forthcoming 19th AGM and a statement which supports the re-election of the retiring Directors are set out in the Notice of AGM and the Statement Accompanying Notice of AGM in the 2023 Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

The Nomination Committee met twice during the financial period ended 30 June 2023. Details of the attendance of the Nomination Committee members at the Nomination Committee meetings are as follows:

Nomination Committee Members	Nomination Committee Meetings Attended
Ms Lim Kwee Yong	2/2
Ms Ng Kit Ching	2/2
Mr Arthur Jack Hogarth	2/2

The terms of reference of the Nomination Committee is reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at www.smrt.holdings.

Remuneration Committee

The current Remuneration Committee consists of not less than three (3) members and comprises wholly of Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

Remuneration Committee Members	Position	Directorship
Ms Lim Kwee Yong	Chairman	Senior Independent Non-Executive Director
Ms Ng Kit Ching	Member	Independent Non-Executive Director
Mr Arthur Jack Hogarth	Member	Independent Non-Executive Director

The Company has put in place a formalised remuneration policies and procedures for Directors and senior management. The Board believes in a remuneration package that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package to attract, motivate and retain high calibre talents.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted based on the experience and level of responsibilities undertaken by the Non-Executive Director concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting in respect of his/her remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on the recommendations of the Board.

The level of remuneration for Executive Directors is fairly guided by market norms and industry practice. The Remuneration Committee recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The remuneration of the senior management is evaluated annually by the Chairman and/or Group Managing Director against the set targets to determine the recommendation on their remuneration levels. The Chairman and/or Group Managing Director would ensure that the Company offers fair compensation and is able to attract and retain talent who can add value to the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

The summary of activities undertaken by the Remuneration Committee during the financial period ended 30 June 2023 are as follows:

(a) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors;

(b) Reviewed and recommended the remuneration of the Executive Directors; and

(c) Reviewed and recommended the payment of bonus to the Executive Directors (if any).

The annual review for the financial period ended 30 June 2023 was conducted by the Remuneration Committee on 28 February 2022 and 27 February 2023.

The Remuneration Committee met twice during the financial period ended 30 June 2023. Details of the attendance of the Remuneration Committee members at the Remuneration Committee meetings are as follows:

Remuneration Committee Members	Remuneration Committee Meetings Attended
Ms Lim Kwee Yong	2/2
Ms Ng Kit Ching	2/2
Mr Arthur Jack Hogarth	2/2

The terms of reference of the Remuneration Committee is reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at www.smrt.holdings.

III. REMUNERATION

The details of the Directors' remuneration for the financial period ended 30 June 2023 are as follows:

Company (RM'000)

No	Name	Fee	Allowance	Salary	Bonus	Benefit-in-kind	Other Emoluments	Total
1.	Mr Subramanian A/L Amamalay Non-Independent Non-Executive Chairman (Appointed as Non-Independent Non-Executive Director on 11 April 2022 and Redesignated as Non-Independent Non-Executive Chairman on 4 January 2023)	43.8	3.5	-	-	-	-	47.3
2.	Tan Sri Dato' Dr R Palan Non-Independent Non-Executive Director (Redesignated as Non-Independent Non-Executive Director on 4 January 2023)	720.0	16.5	-	-	-	-	736.5

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

No	Name	Fee	Allowance	Salary	Bonus	Benefit-in-kind	Other Emoluments	Total
3.	Mr Maha Ramanathan Palan Group Managing Director	180.0	4.5	-	-	-	-	184.5
4.	Mr Chu Kheh Wee Executive Director	112.5	4.5	-	-	-	-	117.0
5.	Ms Lim Kwee Yong Senior Independent Non-Executive Director	54.0	13.5	-	-	-	-	67.5
6.	Ms Ng Kit Ching Independent Non-Executive Director	54.0	9.0	-	-	-	-	63.0
7.	Mr Arthur Jack Hogarth Independent Non-Executive Director	51.0	8.0	-	-	-	-	59.0
8.	Mr Malayandi @ Kalaiarasu Executive Director (Resigned as Executive Director on 28 June 2023)	72.0	4.5	-	-	-	-	76.5

Group (RM'000)

No	Name	Fee	Allowance	Salary	Bonus	Benefit-in-kind	Other Emoluments	Total
1.	Mr Subramanian A/L Amamalay Non-Independent Non-Executive Chairman (Appointed as Non-Independent Non-Executive Director on 11 April 2022 and Redesignated as Non-Independent Non-Executive Chairman on 4 January 2023)	43.8	3.5	445.3	-	-	55.5	548.1
2.	Tan Sri Dato' Dr R Palan Non-Independent Non-Executive Director (Redesignated as Non-Independent Non-Executive Director on 4 January 2023)	720.0	16.5	700.0	-	-	71.3	1,507.8
3.	Mr Maha Ramanathan Palan Group Managing Director	180.0	4.5	1,836.0	-	-	223.4	2,243.9

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

No	Name	Fee	Allowance	Salary	Bonus	Benefit-in-kind	Other Emoluments	Total
4.	Mr Chu Kheh Wee Executive Director	112.5	4.5	180.0	-	-	23.2	320.2
5.	Ms Lim Kwee Yong Senior Independent Non-Executive Director	54.0	13.5	-	-	-	-	67.5
6.	Ms Ng Kit Ching Independent Non-Executive Director	54.0	9.0	-	-	-	-	63.0
7.	Mr Arthur Jack Hogarth Independent Non-Executive Director	51.0	8.0	-	-	-	-	59.0
8.	Mr Malayandi @ Kalaiarasu Executive Director (Resigned as Executive Director on 28 June 2023)	72.0	4.5	509.4	-	-	64.1	650.0

During the financial period ended 30 June 2023, the responsibilities of the chief executive officer are under the supervision of the Group Managing Director, Mr Maha Ramanathan Palan. The Executive Director, Mr Chu Kheh Wee is responsible for the chief financial officer's duties. There was no key senior management appointed during the financial period ended 30 June 2023. Hence, the disclosure on a named basis the key senior management's remuneration component in bands of RM50,000 is not applicable to the Company for the financial period ended 30 June 2023.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Board had on 11 April 2017 resolved to have the risk management of the Company to be under the purview of the audit committee. The audit committee was renamed as the "Audit and Risk Management Committee". The ARMC assumes the role in overseeing the risk management functions of the Group in addition to overseeing the integrity of the financial statements and compliance with relevant accounting standards.

Composition of ARMC

The current ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the ARMC are as follows:

ARMC Members	Position	Directorship
Ms Lim Kwee Yong	Chairman	Senior Independent Non-Executive Director
Ms Ng Kit Ching	Member	Independent Non-Executive Director
Mr Arthur Jack Hogarth	Member	Independent Non-Executive Director

The Chairman of the ARMC is not the Chairman of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

The primary objective of the ARMC is to establish a documented, formal and transparent procedure to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

Independence of the ARMC

The Company recognises the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the audit committee. The policy, which is codified in the terms of reference of the ARMC, requires a former key audit partner to observe a cooling-off period of at least three (3) years before he/she can be considered for appointment as a member of the audit committee.

At present, none of the ARMC members are former key audit partners of the external auditors appointed by the Group.

Financial Literacy of the ARMC Members

The ARMC members have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the terms of reference of the ARMC. The ARMC Chairman, Ms Lim Kwee Yong is a member of the Malaysian Institute of Accountants, thus fulfilling Rule 15.09(1)(c) of the AMLR of Bursa Securities, which requires at least one (1) member of the audit committee to be a member of a professional accountancy body.

ARMC Meetings

The ARMC met eight (8) times during the financial period ended 30 June 2023. Details of the attendance of the ARMC members at the ARMC meetings are as follows:

ARMC Members	ARMC Meetings Attendance
Ms Lim Kwee Yong	8/8
Ms Ng Kit Ching	8/8
Mr Arthur Jack Hogarth	7/8

The terms of reference of the ARMC are reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at www.smrt.holdings.

Compliance with Applicable Financial Reporting Standards

The ARMC exercises professional oversight of the integrity of the financial statements and reports before presenting them to the Board for approval. The ARMC provides assurance to the Board, with support and clarifications from the external auditors, that the financial statements and reports presented are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act 2016 and give a true and fair view of the Group's performance and financial position.

Assessment of Suitability and Independence of External Auditors

The ARMC has a formal and transparent relationship with the external auditors to meet their professional requirements. The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the external auditors. The ARMC ensures that the external auditors are independent of the activities they audit and reviews the contracts for non-audit services by the external auditors. The amount of non-audit fees charged by external auditors for the financial period ended 30 June 2023 was RM92,000.00.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

The external auditors, Messrs Baker Tilly Monteiro Heng PLT ("**BTMH**") had provided assurance that they have been independent throughout the audit engagement for the financial period ended 30 June 2023.

The ARMC had on 27 February 2023 and 29 August 2023 discussed and was satisfied with the suitability of the external auditors, BTMH based on the quality of services and sufficiency of resources provided by them to the Group in terms of the firm and the professional staff assigned to the audit. In view of the above, the ARMC recommends to the Board the re-appointment of BTMH as the auditors of the Company which is subject to approval of shareholders at the AGM whilst their remuneration is determined by the Board. The external auditors will be invited to attend the AGM to respond to the shareholders' enquiries on the conduct of the statutory audit and the contents of the audited financial statements.

The ARMC will meet with the external auditors without the presence of the Executive Directors and the management to ensure that the independence and objectivity of the external auditors are not compromised and matters of concern expressed by the ARMC are duly recorded. During the financial period ended 30 June 2023, the ARMC met with the external auditors three (3) times in the absence of the Executive Directors and the management on 28 February 2022, 30 November 2022 and 27 February 2023.

Directors' Responsibilities Statement

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial period ended 30 June 2023, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors have ensured that all applicable approved accounting standards and the provisions of the Companies Act 2016 have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control

The ARMC assists the Board in maintaining a sound and effective system of risk management and internal control to safeguard shareholders' investments and the Group's assets, as well as reviewing the adequacy and effectiveness of these systems to support the Group's strategy and operations to achieve its business objectives. The internal control system is designed to access current and emerging risks and respond appropriately to the risks of the Group.

As an effort to enhance the system of internal control, the Executive Directors and the management are responsible for the identification and evaluation of key risks applicable to the Group's business activities on a continuous basis. Risks identified are reported on a timely manner during the periodic management meetings and is periodically updated to the ARMC. The ARMC reviews the risks identified regularly and ensure corrective actions are taken.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given to the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The Statement on Risk Management and Internal Control which provides an overview on the state of risk management and internal control of the Group is disclosed in the Company's 2023 Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Internal Audit Activities

The Group has outsourced its internal audit functions to an independent consulting company as part of its strategy to assure the Board on its adequacy and effectiveness of the internal control system of the Group. The professional company will carry out internal audits to review the adequacy and effectiveness of the internal control system and to identify areas of risks and report their findings and recommendations to the ARMC and subsequently to the Board by the ARMC Chairman. The Board is of the view that the system of internal control and risk management are in place and sufficient in safeguarding the Group's assets and shareholders' investments and the interest of all stakeholders.

During the financial period ended 30 June 2023, the Group's internal audit functions is carried out by an outsourced internal audit company, Messrs Sterling Business Alignment Consulting Sdn Bhd ("**Sterling Business**"). Sterling Business has a total of four (4) professional staff and is led by Ms So Hsien Ying as the Head of Internal Audit. Ms So Hsien Ying is a professional member of the Institute of Internal Auditors Malaysia.

Sterling Business remains independent and has no direct operational responsibility or authority over any of the activities audited and is free from any relationship or conflict of interest which could impair their objectivity and independence. The internal auditors assign different audit teams for each audit review in order to maintain an independent view and approach to the internal audit review.

The internal auditors perform its duties in accordance with the standards set by the relevant professional body, namely the Institute of Internal Auditors Malaysia and conduct the internal audit activities in accordance with a recognised framework.

Prior to the change of financial year end on 5 April 2023, the ARMC had on 28 February 2022 and 27 February 2023 reviewed and approved the Group's internal audit plan for the financial year ended 31 December 2022 and 31 December 2023 respectively as proposed by the internal auditors and management. During the financial period ended 30 June 2023, the internal auditors have performed and completed the internal audit review on Billing & Collection and Service Delivery of N'osairis Technology Solutions Sdn Bhd.

The ARMC and the Board agreed that the internal audit review was done in accordance with the internal audit plan and the coverage is adequate.

The ARMC and the Board are satisfied with the performance and independence of the internal auditors and have decided to continue with the outsourcing of the internal audit functions.

The cost incurred by the Group for the internal audit functions during the financial period ended 30 June 2023 was RM15,204.69.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board believes that a constructive and effective investor relationship is essential in enhancing stakeholders' value. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular manner.

The Company aims to ensure that stakeholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to them via announcements to Bursa Securities, its website, circulars and press releases.

The Group also leverages on several other formal channels for effective dissemination of information to stakeholders and investors, particularly through the annual report, media releases, quarterly financial results, AGM and the Company's website at www.smrt.holdings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

The Group endeavours to provide additional disclosure of information on a voluntary basis, where necessary. The Board believes that maintaining a high level of disclosure consistently and extensive communication is vital to stakeholders and investors in making informed investment decisions.

II. CONDUCT OF GENERAL MEETINGS

The Company is of the view that AGM is an important platform to engage with its shareholders and to address their concerns. The Chairman chaired the Eighteenth (18th) AGM of the Company which was held on 23 June 2022 in an orderly manner and allowed the shareholders and proxies to speak at the meeting. The voting at the 18th AGM was conducted by way of manual polling.

At the 18th AGM, the Chairman conducted a question-and-answer session during which the Chairman encourages shareholders to participate. The 18th AGM was attended by all the Directors. The Board members, the Chairman of all the Board Committees, the senior management and the Company Secretary were present at the 18th AGM to respond to questions from the shareholders. The external auditors were also present to provide their professional and independent clarification on the conduct of the audit and the contents of the audit report.

At the 18th AGM, the Chairman ensured that all the resolutions set out in the notice of meeting were properly moved and voted by poll. The Company has appointed a poll administrator to conduct the manual polling and an independent scrutineer to verify the poll results.

COMPLIANCE STATEMENT

Other than as disclosed and explained in the 2023 Annual Report and 2023 Corporate Governance Report, the Board is of the view that the Group has complied with and shall remain committed to ensure the continuous adoption of the principles and best practices as set out in the MCCG and all other applicable laws, where applicable.

This Corporate Governance Overview Statement was approved by the Board on 26 October 2023.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (**"ARMC"**) is pleased to present the ARMC Report for the financial period ended 30 June 2023 in compliance with the ACE Market Listing Requirements (**"AMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**). The Company had on 5 April 2023 changed its financial year end from 31 December to 30 June and the new financial period shall be from 1 January 2022 to 30 June 2023 (**"Change FYE"**).

The Board of Directors (**"Board"**) had on 11 April 2017 resolved to have the risk management of the Company to be under the purview of the audit committee and in view of this, the audit committee was renamed as the "Audit and Risk Management Committee". The ARMC assumes the role in overseeing the risk management functions of the Company and its subsidiaries (**"Group"**) in addition to overseeing the integrity of the financial statements and compliance with relevant accounting standards.

COMPOSITION OF ARMC

The ARMC is appointed by the Board from among the Directors and shall consist of not fewer than three (3) members. The ARMC comprises wholly of Independent Non-Executive Directors.

The current ARMC consists of three (3) members as follows:

ARMC Members	Designation	Directorship
Ms Lim Kwee Yong	Chairman	Senior Independent Non-Executive Director
Ms Ng Kit Ching	Member	Independent Non-Executive Director
Mr Arthur Jack Hogarth	Member	Independent Non-Executive Director

The ARMC Chairman is not the Chairman of the Board. The ARMC Chairman is appointed from among its members who is an Independent Non-Executive Director. In the absence of the ARMC Chairman, the remaining members present shall elect one (1) of their members as Chairman of the meeting. No alternate director is appointed as ARMC member.

The ARMC Chairman, Ms Lim Kwee Yong is a member of the Malaysian Institute of Accountants, thus fulfilling Rule 15.09(1)(c) of the AMLR of Bursa Securities, which requires at least one (1) member of the audit committee to be a member of the professional accounting body.

MEETING OF ARMC

The ARMC shall meet at least four (4) times in a financial year although additional meetings may be called at any time at the discretion of the ARMC Chairman.

During the financial period ended 30 June 2023, the ARMC met eight (8) times and details of the attendance of the ARMC members at the ARMC meetings are set out below:

ARMC Members	Position	Attendance
Ms Lim Kwee Yong	Chairman	8/8
Ms Ng Kit Ching	Member	8/8
Mr Arthur Jack Hogarth	Member	7/8

In addition to the ARMC members, the representatives from Finance and the internal auditors will usually attend the meetings as invited. The external auditors shall attend meetings where matters concerning the audit of the statutory accounts, annual financial statements, and/or the external auditors are to be discussed. Other Board members, management and employees may attend the meeting as invited by the ARMC Chairman.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(Continued)

Notice of the meeting shall be sent to all the ARMC members and any other person who may be required or invited to attend. All unaudited quarterly results, annual financial statements and any other related financial reports and announcements shall be reviewed and discussed by the ARMC members in the meeting before recommending the same to the Board for approval. The ARMC Chairman shall report on each meeting to the Board.

The Company Secretary shall be the secretary of the ARMC and will be responsible for sending out notice of meetings, preparing and keeping minutes of meetings and circulating minutes of meetings to all the ARMC members. Notice of meeting and supporting documents are to be circulated to the ARMC members at least seven (7) days prior to the meeting to provide the ARMC members with relevant and timely information for effective discussions during the meeting.

SUMMARY OF ARMC ACTIVITIES

In line with the terms of reference of the ARMC, the following activities were carried out by the ARMC during the financial period ended 30 June 2023:

1. Financial Reporting

(a) Review of Quarterly Results

The ARMC reviewed the financial positions, quarterly results and announcements for the respective financial quarters prior to submission to the Board for consideration and approval.

Due to Change FYE, there were six (6) quarterly results tabled at the ARMC meetings held during the financial period ended 30 June 2023. The ARMC meetings were held on 28 February 2022, 25 May 2022, 30 August 2022, 30 November 2022, 27 February 2023 and 29 May 2023. A Special ARMC meeting was held on 28 February 2023 to consider the quarterly results for the fourth quarter ended 31 December 2022 which were not finalised during the ARMC meeting held on 27 February 2023.

(b) Audited Financial Statements

The ARMC reviewed the audited financial statements together with the Directors' and Auditors' Reports and recommended the same to the Board for approval. The ARMC ensures the reports are prepared in compliance with the Malaysian Financial Reporting Standards, the Applicable Accounting Standards, the Companies Act 2016 and the AMLR prior to submission to the Board for approval.

On 22 April 2022, the ARMC reviewed the audited financial statements for the financial year ended 31 December 2021 duly audited by Messrs Baker Tilly Monteiro Heng PLT (**"BTMH"**).

(c) Statement on Risk Management and Internal Control ("SORMIC")

The ARMC reviewed the SORMIC together with the internal auditors and external auditors and received assurance from the Executive Directors and the management that the Group's risk management and internal control systems are operating adequately and effectively in all aspects before recommending the same to the Board for approval.

On 22 April 2022, the ARMC reviewed the SORMIC for publication in the 2021 Annual Report.

2. External Auditors

The ARMC has a formal and transparent relationship with the external auditors. The ARMC shall meet with the external auditors without the presence of the Executive Directors and the management at least twice a year. During the financial period ended 30 June 2023, the ARMC met with BTMH three (3) times without the presence of the Executive Directors and the management to discuss their audit findings and the level of co-operation and assistance rendered by the management to the audit personnel during their audit. The ARMC met with BTMH on 28 February 2022, 30 November 2022 and 27 February 2023.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(Continued)

Prior to Change FYE, the ARMC had on 28 February 2022 considered the findings presented by the external auditors in their Audit Committee Memorandum for the financial year ended 31 December 2021 and the responses from the management. On 27 February 2023, the ARMC considered the findings presented by the external auditors in their Audit Committee Memorandum for the financial year ended 31 December 2022 and the responses from the management.

The ARMC had on 30 November 2022 reviewed the Audit Planning Memorandum for the financial year ending 31 December 2022 which outlined the audit scope, audit process and areas of emphasis based on the presentation of the audit plan of the external auditors. Due to Change FYE, the external auditors had on 29 May 2023 presented the Audit Planning Memorandum for the financial period ending 30 June 2023 to the ARMC for their review.

The ARMC reviewed the fees and types of non-audit services provided by the external auditors. The non-audit fees incurred for the financial period ended 30 June 2023 was in respect of the review of the SORMIC and professional fees rendered as the Reporting Accountants.

The ARMC had on 27 February 2023 discussed and was satisfied with the suitability of BTMH as the external auditors of the Group based on their independence, the quality of services and sufficiency of resources provided by them to the Group in terms of the firm and the professional staff assigned to the audit and recommended to the Board the re-appointment of BTMH as the auditors of the Company at the forthcoming Annual General Meeting.

3. Internal Audit

The Group engaged internal auditors to conduct regular reviews and appraisals on the effectiveness of the internal control process, governance and risk management within the Group. The internal auditors are given full access to all the documents relating to the governance, financial statements and operational assessments of the Group.

Prior to Change FYE, the ARMC had on:

- 28 February 2022 reviewed and approved the Group's internal audit plan and scope of work for the financial year ending 31 December 2022 and the follow-up audit status review on previously reported audit findings on Tenancy Management, Finance and Accounts of SMR Properties Management Sdn Bhd;

- 30 November 2022 reviewed the internal audit findings on Billing and Collection and Service Delivery of N'osairis Technology Solutions Sdn Bhd, the recommendations from the internal auditors and the management's responses; and

- 27 February 2023 reviewed and approved the Group's internal audit plan and scope of work for the financial year ending 31 December 2023 and the follow-up audit status review on previously reported audit findings on Tenancy Management, Finance and Accounts of SMR Properties Management Sdn Bhd and Billing and Collection and Service Delivery of N'osairis Technology Solutions Sdn Bhd.

The ARMC ensured appropriate actions were taken to safeguard the effectiveness of the internal control systems based on feedback received from the internal auditors.

4. Risk Management

The ARMC reviewed the operational and financial performance of the Group to ensure that appropriate measures are taken to address any significant risk.

The ARMC reviewed the ARMC Report and SORMIC and received assurance from the Executive Directors and the management that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(Continued)

5. **Related Party Transaction ("RPT") and Conflict of Interest ("COI")**

   At each quarterly meeting, the ARMC reviewed the RPT and COI situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

   The ARMC reviewed whether the RPT and COI situations determined by the Executive Directors and the management are fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering such transaction.

   During the financial period ended 30 June 2023, there was no COI situation reported. RPT for the financial period ended 30 June 2023 is as disclosed in Note 34 to the financial statements.

The terms of reference of the ARMC are reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at www.smrt.holdings.

INTERNAL AUDIT FUNCTIONS

During the financial period ended 30 June 2023, the Group had outsourced its internal audit functions to an independent professional company to assist the ARMC in discharging its duties and responsibilities.

The internal auditors report directly to the ARMC and provide an independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes within the Group. The internal auditors adopt a risk-based approach in planning and conducting audits. The internal auditors have organised their work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns.

The scope and plan of the internal audit activities are identified annually and approved by the ARMC. The ARMC receives report of the findings of the internal audit with recommendations from the internal auditors and responses from the management. The ARMC reviews the findings with the management to ensure that the necessary corrective actions are implemented. Thereafter, the ARMC Chairman will report to the Board.

The total cost incurred for the internal audit functions of the Group for the financial period ended 30 June 2023 was RM15,204.69.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

On 27 October 2015, the Company announced that Bursa Securities had approved the listing of and quotation for additional new SMRT Shares, representing up to fifteen (15%) of the issued and paid-up ordinary share capital of SMRT (excluding treasury shares) to be issued pursuant to the exercise of the ESOS. The ESOS has been effective since 28 November 2015.

Under the ESOS, share options are granted to eligible directors, local employees (Malaysia) and overseas subsidiaries' employees on 19 December 2016.

The Company has granted a total of 42,555,000 shares options under the ESOS.

The Company has extended the exercisable period for the offer of ESOS granted to the eligible employees and directors from 31 March 2018 to 30 September 2018, and further extended to 30 June 2019 in accordance with the provisions of the ESOS By-Laws. The Company has no further extension after 30 June 2019, therefore the ESOS granted on 19 December 2016 was lapsed on 30 June 2019.

On 20 November 2020, the Company has resolved to extend its existing ESOS which is expiring on 24 November 2020 for another five (5) years until 24 November 2025 in accordance with the terms of the ESOS By-Laws.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(Continued)

On 22 April 2022, the Company has resolved to terminate the extended ESOS Scheme with effect from 22 April 2022 in accordance with the By-Laws governing the ESOS as the Board has no intention to grant further options under the existing ESOS Scheme.

SHARE GRANT PLAN ("SGP")

On 17 April 2023, the Company announced that Bursa Securities had approved the listing and quotation for the SGP Shares, representing up to 20.0% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the SGP. The Company obtained the approval from the shareholders for the Proposed SGP at the extraordinary general meeting of the Company held on 18 April 2023. The effective date for the implementation of the Proposed SGP was 28 June 2023.

On 30 June 2023, the Company has offered a total of 15,150,640 shares to eligible directors, employees of the Company and its subsidiaries (excluding subsidiaries which are dormant). The SGP shares offered, where applicable, are subject to the achievement of certain performance criteria by the eligible holders over a performance period determined by the SGP Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board affirms its commitment in maintaining a sound system of internal control and risk management practices within the Group in accordance with the MCCG 2017. The Board is pleased to present the Statement on Risk Management and Internal Control ("the Statement") which outlines the Group's risk management framework and the internal control system of the Group during the financial period ended 30 June 2023 and up to the date of this Statement. The Statement has been prepared in accordance to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR"), MCCG and Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers.

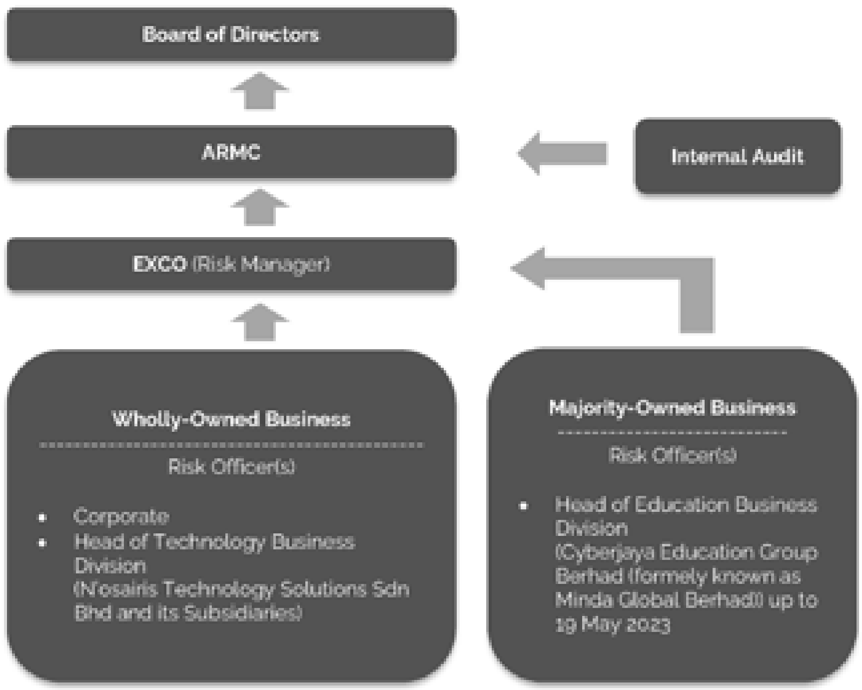
BOARD RESPONSIBILITY

The Board's responsibility includes the establishment of appropriate systems of control as well as reviewing the adequacy and integrity of the system in managing the Group's business risks. A sound system of internal control is important to safeguard the shareholders' investments and the Group's assets. The system of internal control, due to its inherent limitations is designed to manage and control risk rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve sustainable growth in shareholders' value.

Risk Management Structure



A Registry of Risk and a Risk Management Handbook are adopted. The Registry of Risk is maintained to identify principal business risks and the corresponding actions for the Executive Management team to objectively manage the identified risks which is updated for on-going changes. The Risk Management Handbook summarises the risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. Enhancements are made, where necessary, in line with the Board's commitment to improve the Group's governance, risk management and control framework.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Continued)

The Groups adopts the ISO Risk Management framework. The process of identifying, evaluating, monitoring and managing significant risks is embedded in various work processes and procedures of the respective operational functions and management team. The respective risk owners / officers who are the Heads of the Business Divisions, are entrusted to identify risks and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group.

The Executive Management team assists the Audit and Risk Management Committee ("ARMC") and the Board in the process of identifying, measuring, controlling, monitoring, and reporting significant risks affecting the achievement of the Group's business objectives. It provides the Board with the framework to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment and the Group's strategies and functional activities throughout the year.

Significant business risks, financial risks and operations risks and mitigating action plans are discussed and addressed during the ARMC meeting. The Board is aware of the importance of identifying potential threats to the organisation and the impact such threats may have on business operations.

During the period, the Board considered all key risks that have been highlighted, and how these had been addressed. Some of the key risks and mitigating action plans considered include the following:

- In relation to susceptibility to potential external business uncertainties and reliance on major clients, the Group is focused on expanding its clientele base.
- The effects of an economic slowdown are being mitigated by periodical business strategic reviews with continuous assessment of its existing products and services, the positioning, target customers and markets.
- The impact of any changes in government policy and regulatory requirements are addressed by the rationalisation of programme portfolio and an effective marketing strategy.
- The Group's business divisions operate in competitive environments. Regular evaluations of business strategy are performed as a counter to competition.
- The increasing trend in costs is mitigated by the implementation of cost reduction exercises and strict cost control measures.

INTERNAL CONTROL

The Board recognises that reviewing the Group's system of internal control is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement, fraud and loss.

The Board believes that the Group's system of internal control, financial or otherwise, should provide reasonable assurance regarding the achievement of the Group's objectives in ensuring efficiency and effectiveness of operations, reliability and transparency of financial information and compliance with laws and regulations.

The key internal control elements that the Board has established in facilitating the adequacy and integrity of the system of internal controls are as follows:

- The Group has its Board Committees and Management team to assist the Board in discharging its responsibilities. They comprise individuals with high integrity and caliber who meet regularly in the discharge of their duties. Terms of Reference have been written for the Board Committee namely the ARMC, Nomination Committee and Remuneration Committee. The Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Continued)

- The ARMC works independently with the outsourced internal audit team to ensure further corporate governance and internal controls are in place and ensure systems and processes meet the required standards.

- The Group maintains a formal and clearly defined organisation structure with delineated lines of authority, responsibility and accountability within the Group. The Board has put in place suitably qualified and experienced Management personnel to head the Group's diverse Business Divisions to deliver results and their performance is measured against Key Performance Indicators (KPIs).

- The Group implements a budgeting process where budgets for key operating business divisions are prepared and approved by the Management and monthly monitoring of results against budget with major variances highlighted and management action taken where necessary.

- The Board monitors the Group's performance by reviewing the quarterly financial and operational performance and examines the announcement to Bursa Securities. These are reviewed by the ARMC before they are tabled to the Board.

- Financial, operating and business risks are managed by ensuring appropriate controls, systems and people are in place throughout the Group's businesses. Key organisational controls employed in managing operating risks include segregation of duties, transactions verification and authorisation, financial performance tracking and management reporting.

- Internal operating procedures and guidelines are documented and easily accessible by all staff on the Microsoft One Drive. The Group periodically reviews and updates these to ensure that they continue to support the Group's business activities.

- Necessary actions are taken on the weaknesses identified in the internal control systems with the implementation of improved control measures and processes.

- Proper guidelines are in place for hiring and termination of employees, formal training programmes, training needs analysis, performance appraisals and other relevant procedures within the Group to ensure employees are competent and are adequately trained in performing their responsibilities.

- The Group conducts a Succession Planning programme (Senior Leadership and Young Leadership Program) that trains the selected talent-pool management employees with the necessary experience, skills and leadership for key management roles.

- In line with the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") was amended in 2018 to incorporate Section 17A on corporate liability for corruption, the Group have implemented the Anti-Bribery and Anti-Corruption Policy, the Group must prove that adequate procedures were in place to prevent its employee(s) and/or associated persons from undertaking corrupt practices in relation to its business activities.

INTERNAL AUDIT FUNCTION

The Board, through the ARMC, endorsed and approved the scope of work for the Internal Audit function through the review of its one-year detailed audit plan.

The Group has outsourced its internal audit function to an independent professional firm of consultants, Sterling Business Alignment Consulting, which is a corporate member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control. With the engagement, the internal auditors have disclosed that there are no relationships or conflict of interest in the discharge of it responsibilities and that they remained independent and have no direct operational responsibility or authority over any of the activities audited.

The internal audit exercises are carried out based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework in assessing the effectiveness of the Group's internal control system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Continued)

During the financial period, the internal auditor reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Company and its major business divisions and recommended improvements to the internal control process.

The Internal Auditors report directly to the ARMC on improvement measures pertaining to internal controls, including subsequent follow-up to determine the extent that their recommendations have been implemented by the Management. The status of implementation is monitored through follow-up audits which are reported at quarterly Executive Management meetings and Quarterly ARMC meetings. The Management is responsible in ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The ARMC keeps track and addresses any issues that relates to this matter at every quarterly meeting and its members are constantly being updated on any activities that relates to the above. For the financial period ended 30 June 2023, the total costs incurred for the outsourced internal audit function is RM15,204.69.

For the financial period ended 30 June 2023, the Internal Auditor audited and reviewed various subsidiaries/Business Divisions of the Group and also presented their status report comprising follow-up actions on previously reported audited findings, details of which are set out below : -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
January 2022 – October 2022	November 2022	N'osairis Technology Solutions Sdn Bhd	Billing and Collection • Billing and collection processes and procedures • Invoice processing and revenue recognition • Debit/Credit Note issuing and verification procedures • Credit and account receivable management Service Delivery • Operations planning and scheduling • Resources planning (man, method, machine, and materials) • Service report / Job orders issuance and monitoring • Material / Equipment issuance processes and procedures • Order rollout processes and procedures • Managed service project rollout processes and procedures • Implementation and configuration of processes and procedures • Equipment installation / dismantling processes and procedures • Network operation center management • Monitoring of system network uptime / downtime • Network performance reporting • Helpdesk / Hotline support activities and management • Technical incident reporting processes and procedures • Asset management (spare parts and loose equipment) • Recording and reporting

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Continued)

-	February 2022	SMR Properties Management Sdn Bhd	Follow-up actions on previously reported audited findings. • Tenancy Management • Finance and Accounts
-	February 2023	 SMR Properties Management Sdn Bhd N'osairis Technology Solutions Sdn Bhd	Follow-up actions on previously reported audited findings. • Tenancy Management • Finance and Accounts • Billing and Collection • Service Delivery • Other Related Observations

REVIEW OF THE STATEMENT BY THE BOARD OF DIRECTORS

This Statement on Risk Management and Internal Control is made in accordance with the MCCG 2017, "Statement on Internal Control and Risk Management: Guidance for Directors of Public Listed Companies" and the Bursa Malaysia Securities Berhad Listing Requirements.

In making this Statement, the Board has received assurance from the Chairman and the Executive Director who are also responsible the Group's financial matters, that the risk management and internal control systems of the Group are operating effectively, in all material aspects.

The Board is of the view that the risk management and internal control systems in place during the period under review up to the date of approval of the annual report, is adequate and effective to safeguard the shareholders' investment, the interests of employees and the Group's assets. The Board is satisfied that there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group in its achievement of objectives and strategies. The existing system of internal control is adequate and properly implemented and there are no major weaknesses within the businesses of the Group. For the financial period under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report.

The Board recognises that the risk management and internal control systems must continuously improve to meet the challenging business environment and will continue to take appropriate action plans to strengthen the Group's systems.

REVIEW BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa's Listing Requirements, the External Auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial period ended 30 June 2023. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their procedures performed, the External Auditors reported that nothing has come to their attention that would cause them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the same factually inaccurate.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial period ended 30 June 2023.

2. AUDIT AND NON-AUDIT SERVICES

During the financial period under review, the total audit and non-audit fees paid to Messrs Baker Tilly Monteiro Heng PLT by the Company and the Group are set out below:-

	Company	Group
	RM'000	RM'000
Audit fees	147	587
Non-audit fees - Review of Statement of Risk Management and Internal Control	6	12
- Professional services rendered as the Reporting Accountants	80	80

3. MATERIAL CONTRACTS

Save as disclosed below, there were no other material contracts entered into by the Company and its subsidiaries involving the current Directors' and major shareholders' interests which were subsisting at the end of the financial period ended 30 June 2023:-

(a) N'osairis Technology Solutions Sdn Bhd ("NTS")

On 7 February 2023, SMRT has entered into a share sale agreement ("SSA") with Permata Kirana Sdn Bhd ("PKSB") whereby SMRT to acquire the remaining 36% equity interest in NTS from PKSB for a purchase consideration of RM72,000,000.

On 18 April 2023, the SSA of NTS has become unconditional. On 18 May 2023, the acquisition of NTS has been completed.

(b) SMR Education Sdn Bhd ("SMRE")

On 7 February 2023, SMRT has entered into a share sale agreement ("SSA") with Special Flagship Holdings Sdn Bhd ("SFH") whereby SMRT is disposing 69,672,100 ordinary shares in SMRE, representing 100% equity interest in SMRE to SFH for a disposal cash consideration of RM49,455,015.

On 19 May 2023, the conditions precedent of the SSA of SMRE were fulfilled and hence the disposal of SMRE has been completed on the same date.

(c) Strategic Ambience Sdn Bhd ("SASB")

On 5 September 2022, Strategic Ambience Sdn Bhd ("Purchaser"), a wholly-owned subsidiary of SMRT entered into a Sale and Purchase Agreement ("Agreement") with Koperasi NLFCS Berhad ("Vendor") for the purchase of eight (8) adjoining units of four storey terrace shop/office comprising six (6) units of intermediate units and two (2) corner units ("Subject Properties") for the consideration and at the purchase price of Ringgit Malaysia Fourteen Million Seven Hundred Thousand (RM14,700,000.00) Only.

The Acquisition was completed on 20 December 2022.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There was no recurrent related party transaction of a revenue or trading nature made during the financial period ended 30 June 2023.

DIRECTORS' REPORT

The directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial period from 1 January 2022 to 30 June 2023.

CHANGE OF FINANICAL YEAR END

During the financial period, the Group and the Company changed their financial year ended from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the financial period ended 30 June 2023 cover an eighteen-month period compared to the twelve months financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries include investment holdings, IT solutions related telecommunication and development and marketing software of human resources.

There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial period		
- Continuing operations	17,332	(22,575)
- Discontinued operations	(17,555)	-
	(223)	(22,575)
Attributable to:		
Owners of the Company	(16,668)	(22,575)
Non-controlling interests	16,445	-
	(223)	(22,575)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 30 June 2023.

DIRECTORS' REPORT
(Continued)

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial period.

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

DIRECTORS' REPORT
(Continued)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than those items disclosed in Note 8(a) and 8(c) to the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial period were RM712,000 and RM233,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial period, no new issue of shares or debentures was made by the Company.

SHARE GRANT PLAN ("SGP")

At an Extraordinary General Meeting held on 18 April 2023, the Company's shareholders approved the establishment of a Share Grant Plan ("SGP") which is governed by the by-laws to eligible directors and/or employees of the Group. The SGP shall be in force for a maximum period of 10 years from the date of implementation.

The salient features and terms of the SGP are disclosed in Note 21 to the financial statements.

The Company had granted a total of 15,150,460 shares under the SGP on 30 June 2023.

DIRECTORS' REPORT
(Continued)

TREASURY SHARES

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial period.

As at 30 June 2023, the Company held a total of 2,283,100 of its 447,523,075 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM294,252.

DIRECTORS

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

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar *	
Maha Ramanathan Palan *	
Chu Kheh Wee	
Lim Kwee Yong	
Ng Kit Ching	
Arthur Jack Hogarth	
Subramanian A/L Amamalay*	(Appointed on 11 April 2022)
Malayandi @ Kalaiarasu *	(Resigned on 28 June 2023)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period and during the period from the end of the financial period to the date of the report are:

Fazyanie Binti Fadzil
Russaliza Binti Yaakop
Novi Mardiyansa
Malayandi Subu Palan
Murugappan Kalaimani
Datuk Ahmad Shalimin Bin Ahmad Shaffie
Ong Ai Chin
Ow Yin Lee

DIRECTORS' REPORT

(Continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares in the Company and its related corporations during the financial period were as follows:

	Number of ordinary shares			
	At 1 January 2022	**Bought**	**Sold**	**At 30 June 2023**
The Company				
SMRT Holdings Berhad				
Direct Interest				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	60,704,515	-	-	60,704,515
Subramanian A/L Amamalay	1,382,033	-	(200,000)	1,182,033
Maha Ramanathan Palan	-	100,000	-	100,000
Indirect Interest				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar #	71,289,272	300,000	-	71,589,272

	Number of shares granted under SGP				
	At 1 January 2022	**Granted**	**Issued/ Transferred**	**Forfeited**	**At 30 June 2023**
The Company					
SMRT Holdings Berhad					
Maha Ramanathan Palan	-	4,475,230	-	-	4,475,230
Subramanian A/L Amamalay	-	1,000,000	-	-	1,000,000
Lim Kwee Yong	-	50,000	-	-	50,000
Ng Kit Ching	-	50,000	-	-	50,000
Chu Kheh Wee	-	1,000,000	-	-	1,000,000

*Deemed interested as per Section 8 and 197 of the Act, by virtue of his shareholding and his spouse, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi's shareholding in Special Flagship Holdings Sdn. Bhd.*

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial period had any interest in ordinary shares of the Company and its related corporations during the financial period.

DIRECTORS' REPORT
(Continued)

DIRECTORS' BENEFITS

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

	Group 1.1.2022 to 30.6.2023 RM'000	Company 1.1.2022 to 30.6.2023 RM'000
Directors of the Company:		
Salaries, bonus and allowances	3,671	-
Fees	1,287	1,287
Contribution to Employees' Provident Fund	426	-
Share grant expenses	3,408	3,408
Other emoluments	75	65
	8,867	4,760
Directors of the subsidiaries:		
Salaries, bonus and allowances	1,868	-
Contribution to Employees' Provident Fund	172	-
Share grant expenses	2,383	-
	4,423	-

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, the total amount of indemnity insurance coverage effected and insurance premium paid for the directors and officers of the Company were RM20,000,000 and RM25,450 respectively.

DIRECTORS' REPORT
(Continued)

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 30.6.2023 %	Principal activities
Direct subsidiaries			
Strategic Ambience Sdn. Bhd.	Malaysia	100	Investment holdings
N'osairis Technology Solutions Sdn. Bhd.	Malaysia	100	Investment holding and IT solutions related telecommunication
Talentoz Sdn. Bhd.	Malaysia	55	Development and marketing software of human resources
Subsidiaries of N'osairis Technology Solutions Sdn. Bhd.			
Teknologi Bumi Era Q Sdn. Bhd. ("TBEQ")	Malaysia	100	IT solutions related to telecommunication
PT Nosairis Teknologi Solutions **	Indonesia	100	IT solutions related to telecommunication

** 2% held through Teknologi Bumi Era Q Sdn. Bhd.

DIRECTORS' REPORT
(Continued)

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………………
TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR
Director

……………………………………………
SUBRAMANIAN A/L AMAMALAY
Director

Date: 26 October 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

		Group		Company	
		30.6.2023	31.12.2021	30.6.2023	31.12.2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	4,190	78,144	2	5
Right-of-use assets	6	168	142,742	-	-
Investment properties	7	14,529	-	-	-
Investment in subsidiaries	8	-	-	82,860	73,383
Goodwill on consolidation	9	2,822	29,994	-	-
Other intangible assets	10	-	95,952	-	-
Deferred tax assets	11	71	7,280	-	-
Contract costs	12	-	2,736	-	-
Other investment	13	-	1,661	-	-
Total non-current assets		21,780	358,509	82,862	73,388
Current assets					
Inventories	14	2,089	2,343	-	-
Trade and other receivables	15	15,883	41,440	23	5,829
Amount due from subsidiaries	16	-	-	-	71
Contract assets	27	4,737	6,299	-	-
Contract costs	12	-	2,665	-	-
Current tax assets		75	539	-	-
Fixed deposits placed with licensed banks	17	589	16,411	-	-
Cash and bank balances		16,296	28,789	3,959	1,544
		39,669	98,486	3,982	7,444
Non-current assets held for sale	18	-	27,725	-	-
Total current assets		39,669	126,211	3,982	7,444
TOTAL ASSETS		61,449	484,720	86,844	80,832

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023 (Continued)

	Note	Group 30.6.2023 RM'000	Group 31.12.2021 RM'000	Company 30.6.2023 RM'000	Company 31.12.2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	19	88,795	88,795	88,795	88,795
Treasury shares	20	(294)	(294)	(294)	(294)
Share grant reserve	21	5,867	-	5,867	-
Revaluation reserve	22	-	5,396	-	-
Foreign currency translation reserve	23	(183)	(89)	-	-
(Accumulated losses)/Retained earnings		(52,588)	18,505	(46,514)	(23,939)
		41,597	112,313	47,854	64,562
Non-controlling interests		(2,112)	91,391	-	-
TOTAL EQUITY		39,485	203,704	47,854	64,562
Non-current liabilities					
Loans and borrowings	24	10,584	16,184	-	-
Lease liabilities	25	57	145,713	-	-
Deferred tax liabilities	11	-	29,880	-	-
Total non-current liabilities		10,641	191,777	-	-
Current liabilities					
Trade and other payables	26	8,756	46,145	4,721	8,716
Amount due to subsidiaries	16	-	-	34,269	7,554
Loans and borrowings	24	784	3,268	-	-
Lease liabilities	25	59	9,837	-	-
Contract liabilities	27	1,724	29,926	-	-
Current tax liabilities		-	63	-	-
Total current liabilities		11,323	89,239	38,990	16,270
TOTAL LIABILITIES		21,964	281,016	38,990	16,270
TOTAL EQUITY AND LIABILITIES		61,449	484,720	86,844	80,832

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Period from 1 January 2022 to 30 June 2023

		Group		Company	
		1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	28	87,718	50,351	4,215	6,400
Cost of sales		(38,379)	(24,559)	-	-
Gross profit		49,339	25,792	4,215	6,400
Other income		4,444	35	7,492	-
Administrative expenses		(35,883)	(12,495)	(35,536)	(2,233)
Other expenses		-	(1,211)	(1,362)	-
Net reversal of/(impairment losses) on financial assets		-	-	2,616	(3,118)
Operating profit/(loss)		17,900	12,121	(22,575)	1,049
Finance costs	29	(338)	(28)	-	-
Profit/(Loss) before tax	30	17,562	12,093	(22,575)	1,049
Taxation	31	(230)	2,012	-	(31)
Profit/(Loss) for the financial period from continuing operations		17,332	14,105	(22,575)	1,018
Loss for the financial period from discontinuing operations	32	(17,555)	(4,718)	-	-
(Loss)/Profit for the financial period		(223)	9,387	(22,575)	1,018
Other comprehensive (loss)/income, net of tax		(223)	9,387	(22,575)	1,018
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translation		(94)	(20)	-	-
Other comprehensive loss for the financial period		(94)	(20)	-	-
Total comprehensive (loss)/income for the financial period		(317)	9,367	(22,575)	1,018

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

		Group		Company	
		1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		7,450	8,028	(22,575)	1,018
- From discontinued operations		(24,118)	(6,349)	-	-
		(16,668)	1,679	(22,575)	1,018
Non-controlling interests					
- From continuing operations		9,882	6,077	-	-
- From discontinued operations		6,563	1,631	-	-
		16,445	7,708	-	-
		(223)	9,387	(22,575)	1,018
Total comprehensive income/(loss) attributable to:					
Owners of the Company					
- From continuing operations		7,356	8,008	(22,575)	1,018
- From discontinued operations		(24,118)	(6,349)	-	-
		(16,762)	1,659	(22,575)	1,018
Non-controlling interests					
- From continuing operations		9,882	6,077	-	-
- From discontinued operations		6,563	1,631	-	-
		16,445	7,708	-	-
		(317)	9,367	(22,575)	1,018

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

	Note	Group 1.1.2022 to 30.6.2023	Group 1.1.2021 to 31.12.2021 Restated
Earnings/(Loss) per share attributable to ordinary equity holders of the Company (sen):			
Basic earnings/(loss) per ordinary share			
- From continuing operations	33(a)	1.67	1.81
- From discontinued operations	33(a)	(5.42)	(1.43)
		(3.74)	0.38
Diluted earnings/(loss) per ordinary share			
- From continuing operations	33(b)	1.62	1.81
- From discontinued operations	33(b)	(5.24)	(1.43)
		(3.62)	0.38

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Period Ended 30 June 2023

Group	Share capital RM'000	Treasury shares RM'000	Share grant reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings/ (Accumulated loss) RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022	88,795	(294)	-	5,396	(89)	18,505	112,313	91,391	203,704
Total comprehensive (loss)/income for the financial period									
(Loss)/Profit for the financial period	-	-	-	-	-	(16,668)	(16,668)	16,445	(223)
Other comprehensive loss for the financial period	-	-	-	-	(94)	-	(94)	-	(94)
Total comprehensive (loss)/income	-	-	-	-	(94)	(16,668)	(16,762)	16,445	(317)
Transactions with owners									
Disposal of subsidiaries	-	-	-	(5,396)	-	5,574	178	(120,097)	(119,919)
Acquisition from non-controlling interest (Note 8(c))	-	-	-	-	-	(51,289)	(51,289)	(20,711)	(72,000)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(8,710)	(8,710)	33,695	24,985
Employee's Share Grant Contributions	-	-	5,867	-	-	-	5,867	-	5,867
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(2,835)	(2,835)
Total transactions with owners	-	-	5,867	(5,396)	-	(54,425)	(53,954)	(109,948)	(163,902)
At 30 June 2023	88,795	(294)	5,867	-	(183)	(52,588)	41,597	(2,112)	39,485

STATEMENTS OF CHANGES IN EQUITY

For the Financial Period Ended 30 June 2023 (Continued)

Group	Note	Share capital RM'000	Treasury shares RM'000	Share grant reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021		86,730	(294)	-	5,396	(69)	20,317	112,080	78,990	191,070
Total comprehensive income/(loss) for the financial year										
Profit for the financial year		-	-	-	-	-	1,679	1,679	7,708	9,387
Other comprehensive loss for the financial year		-	-	-	-	(20)	-	(20)	-	(20)
Total comprehensive (loss)/income		-	-	-	-	(20)	1,679	1,659	7,708	9,367
Transactions with owners										
Issuance of shares via private placements	19	2,065	-	-	-	-	-	2,065	-	2,065
Changes in ownership interests in subsidiaries		-	-	-	-	-	(3,491)	(3,491)	8,293	4,802
Dividend paid to non-controlling interest		-	-	-	-	-	-	-	(3,600)	(3,600)
Total transactions with owners		2,065	-	-	-	-	(3,491)	(1,426)	4,693	3,267
At 31 December 2021		88,795	(294)	-	5,396	(89)	18,505	112,313	91,391	203,704

STATEMENTS OF CHANGES IN EQUITY

For the Financial Period Ended 30 June 2023 (Continued)

	Note	Share capital RM'000	Treasury shares RM'000	Share grant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company						
At 1 January 2022		88,795	(294)	-	(23,939)	64,562
Total comprehensive loss for the financial period						
Loss for the financial period		-	-	-	(22,575)	(22,575)
Transaction with owners						
Employee's Share Grant Contributions		-	-	5,867	-	5,867
		-	-	5,867	-	5,867
At 30 June 2023		88,795	(294)	5,867	(46,514)	47,854
At 1 January 2021		86,730	(294)	-	(24,957)	61,479
Total comprehensive profit for the financial year						
Profit for the financial year		-	-	-	1,018	1,018
Transactions with owners						
Issuance of shares via private placements	19	2,065	-	-	-	2,065
		2,065	-	-	-	2,065
At 31 December 2021		88,795	(294)	-	(23,939)	64,562

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

STATEMENTS OF CASH FLOWS

For the Financial Period from 1 January 2022 to 30 June 2023

		Group		Company	
		1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- Continuing operations		17,562	12,093	(22,575)	1,049
- Discontinuing operations		(13,971)	(4,318)	-	-
		3,591	7,775	(22,575)	1,049
Adjustments for:					
Amortisation of:					
- contract cost		8,180	3,288	-	-
- intangible assets		765	599	-	-
Depreciation of:					
- property, plant and equipment		12,587	7,367	3	3
-right-of-use assets		17,060	12,900	-	-
-investment properties		171	-	-	-
Fair value (gain)/loss on quoted equity securities		(2,400)	1,711	-	-
(Gain)/Loss on disposal of:					
- property, plant and equipment		(1,290)	-	-	-
- other investments		(788)	-	-	-
- investment in subsidiaries		-	-	20,217	-
- subsidiaries		22,047	-	-	-
Gain on modification, derecognition and termination of lease		(20,033)	(127)	-	-
COVID-19 related rent concession income		-	(123)	-	-
Impairment loss for:					
- investment in subsidiaries		-	-	1,362	-
- trade receivables		1,653	4,139	-	-
- other receivables		-	234	-	-
- amount due from subsidiaries		-	-	-	5,479
- right-of-use assets		-	2,250	-	-
- goodwill on consolidation		27,172	4,500	-	-
Share based payment expenses		5,867	-	3,750	-
Interest expense		21,134	15,605	-	-
Interest income		(360)	(109)	-	-
Dividend income		-	-	(4,215)	(6,400)
Operating profit/(loss) before changes in working capital, carried forward		95,356	60,009	(1,458)	131

STATEMENTS OF CASH FLOWS

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

	Note	Group 1.1.2022 to 30.6.2023 RM'000	Group 1.1.2021 to 31.12.2021 Restated RM'000	Company 1.1.2022 to 30.6.2023 RM'000	Company 1.1.2021 to 31.12.2021 RM'000
Cash flows from operating activities (Continued)					
Operating profit/(loss) before changes in working capital, brought forward		95,356	60,009	(1,458)	131
Adjustments for (Continued):					
Written off for:					
- other receivables		5,206	-	5,206	-
- inventories		31	321	-	-
Waiver of debt on amount owing to former subsidiaries		-	-	(7,491)	-
Reversal of impairment loss no longer required for:					
- amount due from subsidiaries		-	-	(2,616)	(2,361)
- right-of-use assets		(10,331)	-	-	-
- trade receivables		(13)	-	-	-
- other receivables		(586)	-	-	-
- non-current assets held for sale		-	(131)	-	-
Operating profit/(loss) before changes in working capital, brought forward		89,663	60,199	(6,359)	(2,230)
Changes in working capital:					
Inventories		223	(1,051)	-	-
Payables		12,465	(12,522)	3,496	3,100
Receivables		(32,750)	1,527	30,002	(1,247)
Contract assets		1,562	(3,635)	-	-
Contract liabilties		889	235	-	-
Net cash generated from/ (used in) operations		72,052	44,753	27,139	(377)
Income tax paid		(615)	(74)	-	(31)
Interest received		360	109	-	-
Net cash from/(used in) operating activities		71,797	44,788	27,139	(408)

STATEMENTS OF CASH FLOWS

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

	Note	Group 1.1.2022 to 30.6.2023 RM'000	Group 1.1.2021 to 31.12.2021 Restated RM'000	Company 1.1.2022 to 30.6.2023 RM'000	Company 1.1.2021 to 31.12.2021 RM'000
Cash flows from investing activities					
Additional investment in a subsidiary		-	-	(6,394)	(25)
Acquisition of subsidiary from non-controlling interest		(72,000)	-	(72,000)	-
Dividend income		-	-	4,215	6,400
Purchase of property, plant and equipment	(a)	(44,836)	(2,545)	-	-
Proceeds from disposal of:					
- subsidiaries, net of cash inflows		49,941	83	49,455	-
- property, plant and equipment		1,417	-	-	-
- non-current assets held for sale		-	3,600	-	-
- other investments		4,849	-	-	-
Repayment to subsidiaries, net		-	-	-	(7,249)
Net cash (used in)/from investing activities		(60,629)	1,138	(24,724)	(874)
Cash flows from financing activities					
Dividends paid to non-controlling interest		(2,835)	(3,600)	-	-
Interest paid		(11,157)	(15,605)	-	-
Placement of bank accounts pledged for term loan		(224)	(204)	-	-
Drawdown/(Placement) of fixed deposit pledged to licensed banks		14,880	(1,949)	-	-
Proceeds from issuance of shares		-	2,065	-	2,065
Proceeds from subscription of ordinary shares by non-controlling interest		24,985	4,920	-	-
Repayment of:	(d)				
- term loan		(20,121)	-	-	-
- lease liabilities		(25,310)	(7,416)	-	-
Net cash (used in)/from financing activities		(19,782)	(21,789)	-	2,065

STATEMENTS OF CASH FLOWS

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Net change in cash and cash equivalents	(8,614)	24,137	2,415	783
Cash and cash equivalents at the beginning of the financial period	25,004	887	1,544	761
Effect on foreign exchange rate change	(94)	(20)	-	-
Cash and cash equivalents at the end of the financial period	16,296	25,004	3,959	1,544
Analysis of cash and cash equivalents				
Cash and bank balances	16,296	28,789	3,959	1,544
Fixed deposits placed with licensed banks	589	16,411	-	-
Bank overdraft	-	(62)	-	-
	16,885	45,138	3,959	1,544
Less: Deposits held as security value /maturity period more than 3 months	(589)	(16,411)	-	-
Less: Bank accounts pledged for term loan	-	(3,723)	-	-
	16,296	25,004	3,959	1,544

(a) During the financial period, the Group made the following cash payment to purchase property, plant and equipment:

	Group	
	30.06.2023	31.12.2021
	RM'000	RM'000
Purchase of property, plant and equipment	195,492	2,545
Financed by way of term loan	(150,656)	-
Cash payments on purchase of property, plant and equipment	44,836	2,545

STATEMENTS OF CASH FLOWS

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

(b) During the financial period, the Group made the following cash payment to purchase investment properties:

	Group 30.06.2023 RM'000	31.12.2021 RM'000
Purchase of investment properties	14,700	-
Financed by way of term loan	(14,700)	-
Cash payments on purchase of investment properties	-	-

(c) Total cash outflows for leases

During the financial period, the Group had total cash outflows for leases of RM38,666,000 (31.12.2021: RM20,075,000).

(d) Reconciliation of liabilities arising from financing activities:

Group

	1 January 2022 RM'000	Cash flows RM'000	Non-cash Acquisition RM'000	Non-cash Modification, derecognition and termination of lease RM'000	Non-cash Disposal of subsidiaries RM'000	Non-cash Others RM'000	30 June 2023 RM'000
Term loan	19,390	(20,121)	165,356	-	(153,257)	-	11,368
Lease liabilities	155,550	(25,310)	17,090	(132,717)	(24,474)	9,977	116
	174,940	(45,431)	182,446	(132,717)	(177,731)	9,977	11,484

	1 January 2021 RM'000	Cash flows RM'000	Non-cash Acquisition RM'000	Non-cash Modification and derecognition of lease RM'000	Non-cash Covid-19 rent concessation RM'000	31 December 2021 RM'000
Term loan	19,390	-	-	-	-	19,390
Lease liabilities	160,784	(7,416)	3,830	(1,525)	(123)	155,550
	180,174	(7,416)	3,830	(1,525)	(123)	174,940

STATEMENTS OF CASH FLOWS

For the Financial Period from 1 January 2022 to 30 June 2023 (Continued)

(d) Reconciliation of liabilities arising from financing activities (Continued):

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, Tower Block, University of Cyberjaya, Persiaran Bestari, Cyber 11, 63000, Cyberjaya, Selangor. The principal place of business of the Company is located at Level 8, Tower Block, University of Cyberjaya, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial period:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below (Continued).

Amendments to MFRS 101 Presentation of Financial Statements (Continued)

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

In another amendments, it gives entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform; and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Applying the temporary relief, entities neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The relief will help to ensure consistency in the financial statements while easing into the implementation of the rules by allowing time for entities to assess how they are affected.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. **BASIS OF PREPARATION (CONTINUED)**

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below (Continued).

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

2.3.2 The initial application of the above applicable amendments/improvements to MFRSs is not expected to have material impacts to the current year financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires the Group 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 where assumptions and major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, or areas involving judgements that have most effect on the amounts recognised in the financial statements are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years/period presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less any accumulated impairment losses.

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 over 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.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

(i) the fair value of consideration transferred; plus
(ii) the recognised amount of any non-controlling interest in the acquiree; plus
(iii) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
(iv) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The accounting policy for goodwill is set out in Note 3.4(i) to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(ii) Business combination (Continued)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

(iii) Acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(ii) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3 **Property, plant and equipment and depreciation**

(i) **Recognition and measurement**

Property, plant and equipment (other than buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(ii) to the financial statements.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings upon disposal of the assets.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment and depreciation (Continued)

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Computer	33% - 40%
Office equipment	20% - 25%
Furniture and fittings	10% - 20%
Renovation	20% - 30%
Router	20%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

3.4 Goodwill and other intangible assets

(i) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4 **Goodwill and other intangible assets (Continued)**

(ii) **Development costs**

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(ii) to the financial statements.

(iii) **Software**

Software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(ii) to the financial statements.

(iv) **Acquired education licenses**

Education licenses acquired in a business combination are recognised at fair value at the acquisition date. The licenses have been acquired with the option to renew at little or no cost to the Group. As a result, those licenses are assessed as having indefinite useful lives. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Goodwill and other intangible assets (Continued)

(v) Other intangible assets

Trademark with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets, other than goodwill and trademark, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(vii) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Intangible assets, other than goodwill and trademark, are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Trademarks with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that may be impaired.

The estimated useful lives for the comparative periods are as follows:

Development costs	3 to 10 years
Intellectual rights	5 years
Software	10 years
Franchise fee	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on a first-in-first-out method.

Cost includes the actual cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling expenses.

3.6 Leases

(i) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(ii) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.6 **Leases (Continued)**

(ii) **Lessee accounting (Continued)**

Right-of-use asset

The right-of-use asset (other than leasehold land relate to the classes of property, plant and equipment) is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(ii) to the financial statements.

The depreciation period for the current period are as follows:

Building	2 – 3 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.6 **Leases (Continued)**

(ii) **Lessee accounting (Continued)**

Lease liability (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(iii) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.11(ii) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the consolidated statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

3.7 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Non-current assets or disposal groups held for sale (Continued)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.8 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Income tax (Continued)

(ii) Deferred tax (Continued)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.8 **Income tax (Continued)**

(iii) **Sales and service tax**

Revenue, expenses and assets are recognised net of the amount of sales and service tax except:

- where the sales and service tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- payables that are stated with the amount of sales and service tax included.

The net amount of sales and service tax payable to the taxation authority is included as part of receivables or payables in the statements of financial position.

3.9 **Foreign currency translation and operations**

(i) **Transactions and balances**

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

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values were determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.9 **Foreign currency translation and operations (Continued)**

(ii) **Foreign entities**

The results and financial position of all the foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange difference arising from the translation of net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.10 **Financial instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) **Subsequent measurement**

The Group and the Company categorise the financial instruments as follows:

(i) **Financial assets**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(i) **Financial assets (Continued)**

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business models for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(i) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.10 **Financial instruments (Continued)**

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(i) **Financial assets (Continued)**

Debt instruments (Continued)

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.10 **Financial instruments (Continued)**

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(ii) **Financial liabilities**

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

<u>Financial liabilities at amortised cost</u>

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.10 **Financial instruments (Continued)**

(b) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) **Derecognition**

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments (Continued)

(d) Derecognition (Continued)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.11 **Impairment of assets**

(i) **Impairment of financial assets**

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counter party is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider; and
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.11 **Impairment of assets (Continued)**

(i) **Impairment of financial assets (Continued)**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(ii) **Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (Continued)

(ii) Impairment of non-financial assets (Continued)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, which includes transaction cost. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

Investment properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives as follows:

	%
Buildings	2

An investment property is derecognised on its disposal of when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use.

3.13 Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- represent a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Discontinued operations (Continued)

Classification as a discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.14 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounts for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (Continued)

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(i) **Education services**

Revenue from education services rendered represents course fees, royalty fees, resource fees and other miscellaneous charges.

Revenue from course fees will be recognised within the semester of each courses offered to the students. The revenue will then be recognised over time throughout the semester in profit or loss.

Revenue from royalty fee is recognised only when the later of the subsequent sale occurs and the performance obligation to which the sales-based royalty has been satisfied based on substance of the agreement.

Revenue from resource fees is recognised over the period of the course in profit or loss.

Other miscellaneous charges represent application fees, registration fees, administration fees, processing fees, convocation fees, examination fees, training fees and clinical attachment fees. These fees are recognised at a point in time as services are rendered.

Payment terms for course and other student fees are on cash terms except for royalty fees which have a credit term of 30 days.

Advance payment received at the commencement of the semester will be recognised as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.14 **Revenue and other income (Continued)**

(ii) **Income from consultancy, training and software development**

Income from consultancy, training and software development is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(iii) **Technical supports**

Revenue from technical supports is recognised when services are rendered because the customer receives and uses the benefits simultaneously. This is determined on the time elapsed method (output method).

(iv) **Sales of hardware**

Revenue from sales of hardware are recognised upon delivery of products and customer's acceptance and when the significant risks and rewards of ownership have been transferred to the buyer.

(v) **Sales of software application**

Income from sales of software application is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(vi) **Dividend income**

Dividend income is recognised when the Company's right to receive payment is established.

(vii) **Interest income**

Interest income is recognised using the effective interest method.

(viii) **Rental income**

Rental income is recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.16 Employee benefits

(i) **Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial period where the employees have rendered their services to the Group and the Company.

(ii) **Defined contribution plans**

As required by law, the Group and the Company contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Share-based compensation

The Company's share grant plan ("SGP"), an equity-settled, share based compensation plan, allows eligible employees and directors of the Group to be entitled to ordinary shares of the Company. The total fair value of shares granted to employees and directors are recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period while taking into account the probability that the shares will vest. The fair value of shares are measured at grant date, taking into account, if any, the market vesting conditions upon which the shares were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions in respect of the number of shares that are expected to be granted on vesting date.

At each financial year end, the Group and the Company revise the estimate of the number of shares that are expected to be granted on vesting date. The impact of revision of original estimates, if any, is recognised in profit or loss, and a corresponding adjustment made to equity over the remaining vesting period. The equity amount is recognised in the share grant reserve.

3.18 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chairman, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.19 Share capital

(i) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and after exclude deposits, collection account, cash collateral account and finance service reserve account pledged to secure borrowings.

3.21 Earnings per shares

(i) **Basic**

Basic earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period, adjusted for own shares held.

(ii) **Diluted**

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares, adjusted for own shares held.

3.22 Provision

Provisions are recognised when the Group and the Company have present obligation (legal or constructive) as a result of a past event, it is probable than an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(i) **Legal claims**

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.22 **Provision (Continued)**

(ii) **Onerous contract**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.23 **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.24 **Contract costs**

(a) **Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract such as commission fee paid to agents.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

(b) **Amortisation**

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Contract costs (Continued)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

3.25 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(i) to the financial statements.

Contract liability is the obligation to transfer goods or services to customers for which the Group have received the consideration or have billed the customers.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.26 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absences of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(i) **Impairment of trade receivables (Note 15)**

The provisions of expected credit losses for receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation which is, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually assessed and also uses a provision matrix to calculate ECL for trade receivables. The provision rates are depending on the number of days that a receivable is past due. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of student's or customer's actual default in the future.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. **PROPERTY, PLANT AND EQUIPMENT**

	Freehold Land RM'000	Buildings RM'000	Library RM'000	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Router RM'000	Signage RM'000	Total RM'000
Group											
30.06.2023											
Cost/Valuation											
At 1 January 2022	-	43,808	203	4,170	5,351	6,020	-	44,218	559	3	104,332
Additions	26,000	161,383	7	1,005	4,144	1,156	305	708	405	379	195,492
Disposal	-	-	(2)	(110)	(79)	(75)	-	(118)	-	-	(384)
Reclassification	-	-	-	-	(27)	-	-	-	-	-	(27)
Disposal of subsidiaries (Note 8(a))	(26,000)	(205,191)	(208)	(4,329)	(3,351)	(6,953)	(305)	(44,157)	-	(382)	(290,876)
At 30 June 2023	-	-	-	736	6,038	148	-	651	964	-	8,537
Accumulated depreciation and impairment											
At 1 January 2022	-	937	149	3,829	2,155	2,435	-	16,124	559	-	26,188
Depreciation for the financial period	-	1,854	24	371	1,596	1,569	248	6,580	277	68	12,587
Disposal	-	-	(2)	(110)	(49)	(60)	-	(36)	-	-	(257)
Disposal of subsidiaries (Note 8(a))	-	(2,791)	(171)	(3,467)	(1,519)	(3,818)	(248)	(22,089)	-	(68)	(34,171)
At 30 June 2023	-	-	-	623	2,183	126	-	579	836	-	4,347
Carrying amount											
At 30 June 2023	-	-	-	113	3,855	22	-	72	128	-	4,190
Representing:											
At Cost	-	-	-	113	3,855	22	-	72	128	-	4,190

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Library RM'000	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Router RM'000	Signage RM'000	Total RM'000
Group										
31.12.2021										
Cost/Valuation										
At 1 January 2021	43,808	188	4,054	4,008	5,943	352	43,227	559	-	102,139
Additions	-	15	116	1,343	77	-	991	-	3	2,545
Disposals	-	-	-	-	-	(352)	-	-	-	(352)
At 31 December 2021	43,808	203	4,170	5,351	6,020	-	44,218	559	3	104,332
Accumulated depreciation and impairment										
At 1 January 2021	-	128	3,630	1,419	1,444	327	11,733	492	-	19,173
Depreciation for the financial year	937	21	199	736	991	25	4,391	67	-	7,367
Disposals	-	-	-	-	-	(352)	-	-	-	(352)
At 31 December 2021	937	149	3,829	2,155	2,435	-	16,124	559	-	26,188
Carrying amount										
At 31 December 2021	42,871	54	341	3,196	3,585	-	28,094	-	3	78,144
Representing:										
At Cost	-	54	341	3,196	3,585	-	28,094	-	3	35,273
At Valuation	42,871	-	-	-	-	-	-	-	-	42,871
	42,871	54	341	3,196	3,585	-	28,094	-	3	78,144

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000	Total RM'000
Company		
30.06.2023		
Cost		
At 1 January 2022/30 June 2023	12	12
Accumulated depreciation		
At 1 January 2022	7	7
Depreciation for the financial period	3	3
At 30 June 2023	10	10
Carrying amount		
At 30 June 2023	2	2
Company		
31.12.2021		
Cost		
At 1 January 2021/31 December 2021	12	12
Accumulated depreciation		
At 1 January 2021	4	4
Depreciation for the financial year	3	3
At 31 December 2021	7	7
Carrying amount		
At 31 December 2021	5	5

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

(a) Revaluation of buildings

During the financial period, the buildings were derecognised as a result of disposal of the subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, Management determined that the buildings constitute a separate class of asset under MFRS 13 *Fair Value Measurements*, based on the nature, characteristics and risks of the properties.

Fair value of the leasehold land was determined using the comparison method where fair value of the buildings was determined using the comparison and cost method. For valuation using comparison method, valuations performed by the valuer are based on active market prices, adjusted for differences in location, size, tenure and other differences of the specific land and buildings. For valuation using cost method, valuations performed by the valuer are based on the replacement cost of the building and other sites improvement less depreciation.

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the land and buildings that would have been included in the financial statements of the Group is as follows:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Leasehold land	-	21,385
Buildings	-	33,719

(b) Security

In the previous financial year, buildings with a net carrying amount of RM42,871,000 were pledged to secure bank loans as disclosed in Note 24 to the financial statements.

During the financial period, these buildings was derecognised as a result of disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

(c) Fair value information

In the previous financial year, fair value of buildings is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31.12.2021				
- Land	-	-	20,300	20,300
- Buildings	-	-	43,808	43,808
	-	-	64,108	64,108

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property type	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land and buildings	Comparison method	Adjusted market price of RM42 to RM368 per square feet	The higher/lower the price per square feet, the higher/lower the fair value
	Cost method	Average construction cost of RM68 per square feet	The higher/lower the price per square feet, the higher/lower the fair value
		Depreciation rate ranging from 17% to 35%	The higher/lower the depreciation rate, the lower/higher the fair value

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

(c) Fair value information (Continued)

Valuation processes applied by the Group

In the previous financial year, the fair value of land and buildings is determined by external independent property valuers, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Changes in Level 3 fair values are analysed by the Group after obtaining the valuation report from valuers.

Highest and best use

In the previous financial year, in estimating the fair value of the properties, the highest and best use of the properties is their current use.

6. RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings, computer equipment and motor vehicles.

Information about leases for which the Group is lessee is presented below:

	Leasehold land RM'000	Buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Cost/Valuation					
At 1 January 2022	25,300	168,835	229	822	195,186
Additions	-	17,090	-	-	17,090
Modification, derecognition and termination of lease	-	(151,449)	-	-	(151,449)
Disposal of subsidiaries (Note 8(a))	(25,300)	(34,215)	(229)	(822)	(60,566)
At 30 June 2023	-	261	-	-	261

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land RM'000	Buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Accumulated depreciation and impairment loss					
At 1 January 2022					
- Accumulated depreciation	1,578	35,758	229	555	38,120
- Accumulated impairment loss	3,993	10,331	-	-	14,324
	5,571	46,089	229	555	52,444
- Depreciation charge for the financial period	777	16,136	-	147	17,060
- Modification, derecognition and termination of lease	-	(38,765)	-	-	(38,765)
- Disposal of subsidiaries (Note 8(a))	(2,355)	(13,036)	(229)	(702)	(16,322)
	(1,578)	(35,665)	(229)	(555)	(38,027)
- Reversal of impairment loss charge for financial period	-	(10,331)	-	-	(10,331)
- Disposal of subsidiaries (Note 8(a))	(3,993)	-	-	-	(3,993)
	(3,993)	(10,331)	-	-	(14,324)
At 30 June 2023					
- Accumulated depreciation	-	93	-	-	93
- Accumulated impairment loss	-	-	-	-	-
	-	93	-	-	93
Carrying amount					
At 30 June 2023	-	168	-	-	168
Representing:					
At cost	-	168	-	-	168

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land RM'000	Buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Cost/Valuation					
At 1 January 2021	25,300	167,304	229	822	193,655
Additions	-	3,830	-	-	3,830
Disposal of a subsidiary	-	(44)	-	-	(44)
Modification and derecognition of lease	-	(2,255)	-	-	(2,255)
At 31 December 2021	25,300	168,835	229	822	195,186
Accumulated depreciation and impairment loss					
At 1 January 2021					
- Accumulated depreciation	1,007	24,588	138	388	26,121
- Accumulated impairment loss	3,993	8,081	-	-	12,074
	5,000	32,669	138	388	38,195
Depreciation charge for the financial year	571	12,071	91	167	12,900
Disposal of a subsidiary	-	(44)	-	-	(44)
Impairment loss charge for the financial year	-	2,250	-	-	2,250
Modification and derecognition of lease	-	(857)	-	-	(857)
At 31 December 2021					
- Accumulated depreciation	1,578	35,758	229	555	38,120
- Accumulated impairment loss	3,993	10,331	-	-	14,324
	5,571	46,089	229	555	52,444
Carrying amount					
At 31 December 2021	19,729	122,746	-	267	142,742
Representing:					
At cost	-	122,746	-	267	123,013
At valuation	19,729	-	-	-	19,729
	19,729	122,746	-	267	142,742

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. **RIGHT-OF-USE ASSETS (CONTINUED)**

(a) As at 30 June 2023, the Company leases buildings to be used as office. The leases of buildings generally have lease terms of between 2 to 3 years.

In the previous financial year, the Group leases land and buildings to be used as campus and office. The leasehold land has unexpired lease term of 68 to 70 years. The leases of buildings generally have lease terms of between 1 to 25 years. During the financial period, the land and buildings was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

(b) In the previous financial year, the land that relate to the buildings measured at fair value were revalued. The revaluation and fair value information were disclosed in Notes 5(a) and 5(c) to the financial statements. During the financial period, these lands and buildings was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

(c) In the previous financial year, leasehold land with net carrying amount of RM19,729,000 were pledged as security for borrowings as disclosed in Note 24 to the financial statements.

During the financial period, the leasehold land was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

(d) In the previous financial year, the Group also leased computer equipment and motor vehicles under hire purchase with lease terms of 3 to 7 years and have options to purchase the assets at the end of the contract term. During the financial period, the computer equipment and motor vehicles was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

7. **INVESTMENT PROPERTIES**

	Buildings 30.6.2023 RM'000
Group	
Cost	
At 1 January 2022	-
Additions	14,700
At 30 June 2023	14,700
Accumulated depreciation	
At 1 January 2022	-
Depreciation for the financial period	171
At 30 June 2023	171
Carrying amount	
At 30 June 2023	14,529
Fair value	17,200

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties comprise of a number of commercial properties that are leased to a former subsidiary.

The fair value of the investment properties is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
30.6.2023				
- Buildings	-	-	17,200	17,200

There were no Level 1 or Level 2 buildings or transfer between Level 1 and Level 2 during the financial period ended 30 June 2023.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property type	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Buildings	Comparison method	Adjusted market price of RM1,182 to RM1,918 per square feet	The higher/lower the price per square feet, the higher/lower the fair value

(a) **Valuation processes applied by the Group**

The fair value of buildings is determined by external independent property valuer, with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Changes in Level 3 fair values are analysed by the Company after obtaining the valuation report from valuers.

Highest and best use

In estimating the fair value of properties, the highest and best use of the properties is their current use.

(b) **Security**

The investment properties were pledged to secure bank loans as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(c) The following are recognised in profit or loss in respect of investment properties:

	Group
	1.1.2022 to 30.6.2023 RM'000
Rental income	105
Direct operating expenses:	
- income-generating expenses	(16)
- non-income generating expenses	(925)

8. INVESTMENT IN SUBSIDIARIES

	Company	
	30.6.2023 RM'000	**31.12.2021 RM'000**
At cost		
Unquoted shares		
At the beginning of the financial period/year	25,278	25,278
Add: Addition during the financial period	75,000	-
Less: Disposal of the subsidiaries	(20,000)	-
At the end of the financial period/year	80,278	25,278
Capital contributions to subsidiaries	36,575	80,736
	116,853	106,014
Less: Accumulated impairment losses		
At beginning of the financial period/year	(32,631)	(32,631)
Charge for the financial period/year	(1,362)	-
At end of the financial period/year	(33,993)	(32,631)
	82,860	73,383

Capital contributions represent unsecured, interest free, non-trade balances with subsidiaries. The settlement of these balances is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat them as long-term source of capital to the subsidiaries.

Included in the capital contribution is an amount of RM2,117,000 (31.12.2021: Nil) representing the share grant to the eligible directors and/or employees of a subsidiary.

Impairment loss

An impairment loss of RM1,362,000 was recognised in profit or loss as a result of the recoverable amounts of a subsidiary were lower than their carrying amount in view of recent adverse conditions impacting the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 30.6.2023 %	Ownership interest 31.12.2021 %	Principal activities
Direct subsidiaries				
SMR Education Sdn. Bhd.	Malaysia	-	100	Investment holdings
SMR Properties Management Sdn. Bhd. #	Malaysia	-	100	Investment holdings
Strategic Ambience Sdn. Bhd.	Malaysia	100	100	Investment holdings
N'osairis Technology Solutions Sdn. Bhd.	Malaysia	100	64	Investment holding and IT solutions related telecommunication
Talentoz Sdn. Bhd. #	Malaysia	55	55	Development and marketing software of human resources ^
Indirect subsidiaries				
Subsidiary of Talentoz Sdn. Bhd.				
Forzia Tech Private Limited ("Forzia") @	India	-	100	IT solutions related to telecommunication

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (Continued):

Name of company	Principal place of business/ Country of incorporation	Ownership interest 30.6.2023 %	Ownership interest 31.12.2021 %	Principal activities
Subsidiaries of N'osairis Technology Solutions Sdn. Bhd.				
Teknologi Bumi Era Q Sdn. Bhd. ("TBEQ") #	Malaysia	100	100	IT solutions related to telecommunication
PT Nosairis Teknologi Solutions # **	Indonesia	100	100	IT solutions related to telecommunication
Subsidiaries of SMR Education Sdn. Bhd.				
Cyberjaya Education Group Berhad ("CEGB") (formerly known as Minda Global Berhad)	Malaysia	-	53	Investment holding
Subsidiaries of CEGB				
ASIAMET Education Group Sdn. Bhd. ("AEGSB")	Malaysia	-	100	Investment holding
Minda Global International Education Sdn. Bhd. ("MGIESB")	Malaysia	-	100	Provision of education services
Minda Global Management Sdn. Bhd. ("MGMSB")	Malaysia	-	100	Provision of management service
Cyberjaya College Central Sdn. Bhd.	Malaysia	-	100	Provision of education services
Cyberjaya College Kota Kinabalu Sdn. Bhd.	Malaysia	-	100	Provision of education services

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (Continued):

Name of company	Principal place of business/ Country of incorporation	Ownership interest 30.6.2023 %	Ownership interest 31.12.2021 %	Principal activities
Indirect subsidiaries				
Subsidiaries of CEGB (Continued)				
Cyberjaya College Kuching Sdn. Bhd.	Malaysia	-	100	Provision of education services
CUCMS Education Sdn. Bhd. ("CESB")	Malaysia	-	100	Provision of education services
UOC Sdn. Bhd.	Malaysia	-	100	Dormant
SMR HR Group Sdn. Bhd.	Malaysia	-	100	Provision of HR development solutions covering training, consulting, outsourcing, events learning resources and advisory support services
Subsidiary of AEGSB				
ASIAMET (M) Sdn. Bhd. ("AMSB")	Malaysia	-	100	Provision of education services
Subsidiaries of CESB				
Minda Global Language Centre Sdn. Bhd.	Malaysia	-	100	Dormant
Indirect subsidiaries				
Subsidiries of AMSB				
Minda Global Property Management Sdn. Bhd.	Malaysia	-	100	Dormant
ASIAMET International Sdn. Bhd.	Malaysia	-	100	Dormant

 # Audited by auditors other than Baker Tilly Monteiro Heng PLT.
^ During the financial period, the subsidiary has temporarily ceased its business.
@ The subsidiary was struck off during the financial period.
*** 2% held through Teknologi Bumi Era Q Sdn. Bhd.*

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Disposal of subsidiaries - Educational Segment

(i) SMR Education Sdn. Bhd. and its subsidiary ("SMRE Group")

On 7 February 2023, the Company entered into a conditional share sale agreement to dispose of 20,000,000 ordinary shares, representing the entire equity interest in SMRE Group for a total consideration of RM49,455,015.

On 19 May 2023, the share sale agreement has become unconditional and hence the disposal of SMRE Group has been completed on the same date.

(ii) Disposal of SMR Properties Management Sdn. Bhd. ("SMRPM")

On 7 February 2023, the Company entered into an agreement to dispose of 2 ordinary shares, representing the entire equity interest in the SMRPM for a total consideration of RM1.

On 31 March 2023, the disposal of SMRPM has been completed.

Summary of the effects of disposal of the subsidiaries are as follows:

	RM'000
Recognised:	
Cash consideration received	49,455
Derecognised:	
Fair value of identifiable net assets at disposal date:	
Property, plant and equipment	256,705
Right-of-use assets	40,251
Other intangible assets	95,187
Deferred tax assets	4,149
Contract costs	10,391
Trade and other receivables	39,055
Current tax assets	524
Cash and bank balances	7,402
Non-current assets held for sales	27,725
Loans and borrowings #	(156,256)
Lease liabilities	(24,474)
Deferred tax liabilities	(29,880)
Trade and other payables	(49,827)
Contract liabilities	(29,091)
Current tax liabilities	(262)
Non-controlling interest	(120,097)
	71,502
Loss on disposal of subsidiaries	(22,047)

Includes bank overdraft of RM2,999,000.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

(a) **Disposal of subsidiaries - Educational Segment (Continued)**

Effects of disposal on cash flows

	RM'000
Consideration received in cash	49,455
Less: Cash and cash equivalents of subsidiaries disposed *	486
Net cash inflows on disposal	49,941

*** Analysis of cash and cash equivalents:**

	RM'000
Cash and bank balances	7,402
Bank overdraft	(2,999)
	4,403
Less: Deposits held as security value	(942)
Bank account pledged for term loan	(3,947)
Cash and cash equivalents	(486)

(b) **Disposal of CUCMS Edutech Sdn. Bhd.**

In the previous financial year, summary of effects of disposal of CUCMS Edutech Sdn. Bhd. are as follows:

	RM'000
Recognised:	
Cash consideration received	100
Derecognised:	
Fair value of identifiable net assets at disposal date:	
Intangible assets (Note 10)	95
Cash and cash equivalents	17
Other payables	(12)
	100
Gain on disposal of CUCMS Edutech Sdn. Bhd.	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of additional interest in N'osairis Technology Solutions Sdn. Bhd. ("NTS")

On 7 February 2023, the Company entered into a conditional share sale agreement to acquire of 1,800,000 ordinary shares, representing an additional 36% equity interest in NTS for a total consideration of RM72,000,000. The Company's effective ownership in NTS increased from 64% to 100% as a result of the additional shares purchased.

Effect of the increase in the Company's ownership interest is as follows:

	RM'000
Fair value of consideration transferred	72,000
Increase in share of net assets	20,711
Excess charged directly to equity	51,289

(d) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 30.6.2023 %	31.12.2021 %
Cyberjaya Education Group Berhad (Formerly known as "Minda Global Berhad")	Malaysia	-	47
N'osairis Technology Solutions Sdn. Bhd.	Malaysia	-	36

Carrying amount of material non-controlling interests:

Name of company	30.6.2023 RM'000	31.12.2021 RM'000
Cyberjaya Education Group Berhad (Formerly known as "Minda Global Berhad")	-	78,950
N'osairis Technology Solutions Sdn. Bhd.	-	14,003

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Non-controlling interests in subsidiaries (Continued)

Profit or loss allocated to material non-controlling interests:

Name of company	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Cyberjaya Education Group Berhad ("CEGB") (Formerly known as "Minda Global Berhad")	6,563	1,631
N'osairis Technology Solutions Sdn. Bhd. ("NTS")	8,621	7,230

As at 30 June 2023, the Company derecognised its non-controlling interest in the following subsidiaries:

(i) CEGB upon the completion of the disposal of SMRE Group as disclosed in Note 8(a)(i) to the financial statements; and

(ii) NTS upon the completion of the acquisition on remaining equity interests from non-controlling interests as disclosed in Note 8(c) to the financial statements.

In the previous financial year, the financial information of the Group's subsidiaries that have material non-controlling interest are as follows:

	CEGB RM'000	NTS RM'000
Summarised statements of financial position		
As at 31 December 2021		
Non-current assets	364,846	2,565
Current assets	82,852	41,063
Non-current liabilities	(163,256)	(177)
Current liabilities	(81,823)	(4,876)
Net assets	202,619	38,575
Summarised statement of comprehensive income		
Financial year ended 31 December 2021		
Revenue	107,916	51,104
Profit for the financial year	3,502	20,150
Total comprehensive income	3,502	20,143
Summarised cash flow information		
Financial year ended 31 December 2021		
Cash flows from operating activities	9,034	27,835
Cash flows from/(used in) investing activities	6,191	(16,497)
Cash flows used in financing activities	(4,096)	(12,423)
Net increase/(decrease) in cash and cash equivalents	11,129	(1,085)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. GOODWILL ON CONSOLIDATION

	Education unit RM'000	Technology unit RM'000	Total RM'000
Group			
2023			
At 1 January 2022	27,172	2,822	29,994
Less: Impairment loss charged for financial period	(27,172)	-	(27,172)
At 30 June 2023	-	2,822	2,822
2021			
At 1 January 2021	31,672	2,822	34,494
Less: Impairment loss during the financial year	(4,500)	-	(4,500)
At 31 December 2021	27,172	2,822	29,994

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each cash generating units ("CGUs").

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by the Group covering a five-year period. The same method has been used in the previous financial year.

(a) **Technology unit**

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected over 5 years based on past experience and actual operating results;
- Revenue is projected based on existing and future expected sales of hardware and maintenance contracts; and
- The 18% (31.12.2021: 16%) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the information technology business.

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

The estimated recoverable amounts exceed the carrying amounts of the CGUs. Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGUs to exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. GOODWILL ON CONSOLIDATION (CONTINUED)

(b) Education unit

During the financial period, the goodwill on education unit was impaired following the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, the Group estimated that the carrying amount of a CGU was higher than its recoverable amount and as such, an impairment loss of RM4,500,000 was recognised in profit or loss.

In the previous financial year, the calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected based on past experience and actual operating results and management's plans. The Group believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the education business;
- Revenue growth rates are based on several strategies in place such as increase in students' number;
- The growth rate used in determining the terminal value is 1% which is based on the country headline inflation rate; and
- The 13% pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

In the previous financial year, the values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

In the previous financial year, other than the impairment recognised in respect of the above CGU, the estimated recoverable amounts exceed the carrying amounts of the CGUs. Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGUs to exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. OTHER INTANGIBLE ASSETS

	Education licenses RM'000	Trademark RM'000	Development costs RM'000	Intellectual rights RM'000	Softwares RM'000	Franchise fee RM'000	Total RM'000
Group							
30.06.2023							
Costs							
At 1 January 2022	91,715	1,500	23,495	1,075	992	53	118,830
Disposal of subsidiaries (Note 8(a))	(91,715)	(1,500)	(23,495)	(1,075)	(992)	(53)	(118,830)
At 30 June 2023	-	-	-	-	-	-	-
Accumulated amortisation							
At 1 January 2022	-	-	13,218	1,075	807	11	15,111
Amortisation for the financial period	-	-	558	-	199	8	765
Disposal of subsidiaries (Note 8(a))	-	-	(13,776)	(1,075)	(1,006)	(19)	(15,876)
At 30 June 2023	-	-	-	-	-	-	-
Accumulated impairment loss							
At 1 January 2022	-	-	7,767	-	-	-	7,767
Disposal of subsidiaries (Note 8(a))	-	-	(7,767)	-	-	-	(7,767)
At 30 June 2023	-	-	-	-	-	-	-
Carrying amount							
At 30 June 2023	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. OTHER INTANGIBLE ASSETS (CONTINUED)

	Education licenses RM'000	Trademark RM'000	Development costs RM'000	Intellectual rights RM'000	Softwares RM'000	Franchise fee RM'000	Total RM'000
Group							
31.12.2021							
Costs							
At 1 January	91,715	1,500	23,676	1,075	992	53	119,011
Disposal of a subsidiary (Note 8(b))	-	-	(181)	-	-	-	(181)
At 31 December	91,715	1,500	23,495	1,075	992	53	118,830
Accumulated amortisation							
At 1 January	-	-	12,912	1,075	605	6	14,598
Amortisation for the financial year	-	-	392	-	202	5	599
Disposal of a subsidiary (Note 8(b))	-	-	(86)	-	-	-	(86)
At 31 December	-	-	13,218	1,075	807	11	15,111
Accumulated impairment loss							
At 1 January/31 December	-	-	7,767	-	-	-	7,767
Carrying amount							
At 31 December	91,715	1,500	2,510	-	185	42	95,952

(a) Amortisation

The amortisation of development costs of the Group is included in cost of sales. The amortisation of software and intellectual rights of the Group is included in administrative expenses.

(b) Trademark

Trademark represents the rights to use the Asia HRD Congress brand which the Company has assessed to have indefinite useful lives. Trademark is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount to its recoverable amount. The recoverable amount of trademark has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Company covering five-year period.

During the financial period, trademark was derecognised as a result of disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. **OTHER INTANGIBLE ASSETS (CONTINUED)**

(b) **Trademark (Continued)**

In the previous financial year, calculation of value-in-use for the trademark is most sensitive to the revenue projected and discount rate used. The 14% pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the trademark.

In the previous financial year, based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

(c) **Education licenses**

Education licenses to conduct the Bachelor of Medicine and Bachelor of Surgery ("MBBS") programme in universities are allocated to the education segment that generates revenue from MBBS programme. The useful lives of these licenses are estimated to be indefinite.

Education licenses are assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGUs.

During the financial period, the education licenses was derecognised as a result of disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, the recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by management covering a five-year period.

In the previous financial year, the calculation of value-in-use for the CGUs are most sensitive to the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and management's plans. The Group believes that the 5 years forecasts period together with its estimated terminal value was justified due to the long-term nature of the education business;

- Revenue growth rates are based on several strategies in place such as increase in number of students;

- The growth rate used in determining the terminal value is 1% which is based on the country headline inflation rate; and

- The 14% pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

In the previous financial year, the values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

In the previous financial year, based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGU to exceed its recoverable amount. As a result of this analysis, management did not identify an impairment for this CGU.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
At beginning of the financial period/year	(22,600)	(24,090)
Disposal of subsidiaries (Note 8(a))	25,731	-
Transfer to profit or loss		
- from continuing operations (Note 31)	(142)	1,800
- from discontinued operations	(2,918)	(310)
At end of the financial period/year	71	(22,600)

Deferred tax assets and deferred tax liabilities presented after appropriate offsetting as follows:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Deferred tax assets	71	7,280
Deferred tax liabilities	-	(29,880)
	71	(22,600)

The components and movements of deferred tax assets and liabilities during the financial period prior to offsetting are as follows:

	As at 1 January 2022 RM'000	Recognised in profit or loss RM'000	Disposal of subsidiaries (Note 8(a)) RM'000	As at 30 June 2023 RM'000
Group				
Deferred tax assets				
Other deductible temporary differences	215	(314)	101	2
Unabsorbed capital allowances	821	337	(1,089)	69
Unutilised tax losses	-	302	(302)	-
Contract liabilities	5,248	(1,301)	(3,947)	-
Right-of-use assets	1,956	(3,044)	1,088	-
	8,240	(4,020)	(4,149)	71

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial period prior to offsetting are as follows (Continued):

	As at 1 January 2022 RM'000	Recognised in profit or loss RM'000	Disposal of subsidiaries (Note 8(a)) RM'000	As at 30 June 2023 RM'000
Deferred tax liabilities				
Education licenses	(22,012)	960	21,052	-
Property, plant and equipment	(5,697)	-	5,697	-
Other taxable temporary differences	(130)	-	130	-
Revaluation reserves	(3,001)	-	3,001	-
	(30,840)	960	29,880	-
	(22,600)	(3,060)	25,731	71

	As at 1 January 2021 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive profit or loss RM'000	As at 31 December 2021 RM'000
Group				
Deferred tax assets				
Other deductible temporary differences	2,070	(1,855)	-	215
Unabsorbed capital allowances	66	755	-	821
Contract liabilities	4,131	1,117	-	5,248
Right-of-use assets	1,033	923	-	1,956
	7,300	940	-	8,240
Deferred tax liabilities				
Education licenses	(22,012)	-	-	(22,012)
Property, plant and equipment	(5,611)	(86)	-	(5,697)
Other taxable temporary differences	(766)	636	-	(130)
Revaluation reserves	(3,001)	-	-	(3,001)
	(31,390)	550	-	(30,840)
	(24,090)	1,490	-	(22,600)

The directors are of the opinion that the subsidiary will have sufficient future taxable profit to offset against the deductible temporary differences based on increase in the number of students and cost structure together with understanding that the recent years' losses are aberration.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	30.6.2023	31.12.2021 Restated
	RM'000	RM'000
Unutilised tax losses	1,344	1,364

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

The unutilised tax losses are available for offset against future taxable profits of the subsidiaries which will expire in the following financial years:

	Group 30.6.2023 RM'000
2028	1,344

12. CONTRACT COSTS

In the previous financial year, contract costs represent commission fees paid to the agents.

Contract costs are amortised in accordance with the pattern of transfer of services under the contracts with customers. During the financial period, amortisation amounting to RM8,180,000 (31.12.2021: RM3,288,000) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

As at 30 June 2023, contract cost was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

13. OTHER INVESTMENT

	Group	
	30.6.2023	31.12.2021
	RM'000	RM'000
Fair value through profit or loss		
Quoted equity securities	-	1,661

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

13. OTHER INVESTMENT (CONTINUED)

In the previous financial year, investment in quoted equity securities were obtained as settlement consideration for the disposal of a business operation.

During the financial period, other investments was derecognised upon the completion of disposal of the quoted equity securities.

14. INVENTORIES

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
At cost		
Consumable inventories	2,089	2,343

During the financial period, the cost of inventories recognised as an expense in cost of sales of the Group is RM32,905,459 (31.12.2021: RM18,508,744).

15. TRADE AND OTHER RECEIVABLES

		Group		Company	
		30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
	Note				
Trade	(a)				
External parties		14,312	73,136	-	-
Less: Accumulated impairment loss		-	(48,843)	-	-
		14,312	24,293	-	-
Non-trade					
External parties		41	9,280	4	5,800
Amount due from former subsidiaries	(b)	377	-	-	-
Less: Accumulated impairment loss	(c)	-	(827)	-	-
		418	8,453	4	5,800
Prepayments		966	823	16	26
Deposits	(d)	187	7,818	3	3
GST refundable		-	53	-	-
		15,883	41,440	23	5,829

(a) **Trade receivables**

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (31.12.2021: 30 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Included in the trade receivables is an amount of RM7,467,000 (31.12.2021: RM3,131,000) and it is non-interest bearing and are normally settled on 30 days from the date of final project account certified as follows:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Within one year	230	32
Later than one year	7,237	3,099
	7,467	3,131

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
At the beginning of the financial period/year	48,843	49,860
Charge for the financial period/year		
- individually assessed	911	1,394
- collectively assessed	742	2,745
Reversal of impairment loss	(13)	-
Disposal of subsidiaries	(50,483)	-
Written off	-	(5,156)
At the end of the financial period/year	-	48,843

The information about the credit exposures is disclosed in Note 37(i) to the financial statements.

(b) Amount due from former subsidiaries

Amount due from former subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand and are expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Other receivables

Receivables that are impaired
The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliations of movement in the impairment allowance of other receivables are as follows:

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
At the beginning of the financial period/year	827	593	-	-
Charge for the financial year				
- individually assessed	-	234	-	-
Reversal of impairment loss	(586)	-	-	-
Disposal of subsidiaries	(241)	-	-	-
At the end of the financial period/year	-	827	-	-

(d) Deposits

Included in deposits of the Group is rental deposits amounting to RM117,727 (31.12.2021: RM3,770,117).

(e) Foreign currency exposure profile

The Group's foreign currency exposure profiles on trade and other receivables are as follows:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Indonesian Rupiah	1,536	788

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

16. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	30.6.2023 RM'000	31.12.2021 RM'000
Amount due from subsidiaries	4,674	17,429
Less: Accumulated impairment losses	(4,674)	(17,358)
	-	71
Amount due to subsidiaries	(34,269)	(7,554)

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand and are expected to be settled in cash.

The movement in the allowance for impairment loss of amount due from subsidiaries are as follows:

	Company	
	30.6.2023 RM'000	31.12.2021 RM'000
At the beginning of the financial period/year	17,358	14,240
Charge for the financial year		
- individually assessed	-	5,479
Reversal of impairment loss no longer required	(2,616)	(2,361)
Bad debt written off	(10,068)	-
At the end of the financial period/year	4,674	17,358

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in the fixed deposits placed with licensed banks of the Group is as follows:

(i) an amount of RM455,000 (31.12.2021: RM15,482,000) are pledged to a bank to secure bank guarantee facility; and
(ii) in the previous financial year, an amount of RM929,233 are pledged to certain banks to secure banking facilities granted to the Group as disclosed in Note 24 to the financial statement.

The effective interest rates of the deposits placed with licensed banks of the Group range from 1.50% to 2.85% (31.12.2021: 1.50% to 2.98%) per annum at the end of the reporting period. All deposits have maturity period of 30 to 365 days (31.12.2021: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

18. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	30.6.2023	31.12.2021
	RM'000	RM'000
Group		
Cost		
At the beginning of the financial period/year	31,501	38,878
Disposal	-	(7,377)
Disposal of subsidiaries (Note 8(a))	(31,501)	-
At the end of the financial period/year	-	31,501
Accumulated depreciation and impairment loss		
At the beginning of the financial period/year	3,776	7,684
Reversal of impairment loss	-	(131)
Disposals	-	(3,777)
Disposal of subsidiaries (Note 8(a))	(3,776)	-
At the end of the financial period/year	-	3,776
Carrying amount		
At 30 June 2023/31 December 2021	-	27,725

During the financial period, the non-current assets held for sales was derecognised as a result of disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, non-current assets held for sale represents properties registered under master title which have yet to be sub-divided or strata and register in the name of the former subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

19. SHARE CAPITAL

	Group and Company			
	30.6.2023		31.12.2021	
	Number of shares Units ('000)	RM'000	Number of shares Units ('000)	RM'000
Issued and fully paid up (no par value):				
At beginning of the financial period/year	447,523	88,795	427,285	86,730
Issuance of shares via:				
- Private placements	-	-	20,238	2,065
At the end of the financial period/year	447,523	88,795	447,523	88,795

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

20. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

As at 30 June 2023, the Company held as treasury shares a total of 2,283,100 (31.12.2021: 2,283,100) of its 447,523,075 (31.12.2021: 447,523,075) issued ordinary shares. Such treasury shares are held at a carrying amount of RM294,252 (31.12.2021: RM294,252).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

21. SHARE GRANT RESERVE

At an Extraordinary General Meeting held on 18 April 2023, the Company's shareholders approved the establishment of a SGP which is governed by the by-laws to eligible directors and/or employees of the Group. The SGP shall be in force for a period of 10 years from the date of implementation.

The salient terms of the SGP are as follows:

(a) The aggregate maximum number of SGP shares which may be made available under the SGP whether in the form of new shares to be issued under the plan or the aggregate number of new shares together with existing shares made available for the purposes of the SGP, shall not in aggregate exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the SGP.

(b) The aggregate maximum number of SGP shares that may be granted to any 1 category/designation of employment of the SGP grantees shall be determined entirely at the discretion of the SGP (subject to the by-laws and any applicable law).

(c) Employees and directors of the Group and of the Company who fulfil the following conditions as at the award date shall be eligible to participate in the SGP:

   (i) he/she is at least eighteen (18) years of age on the award date and is not an undischarged bankrupt;
   (ii) he/she is employed and is on the payroll or has been appointed as a director of any company in the Group;
   (iii) his/her employment has been confirmed by any company in the Group; and
   (iv) such employee or director falls within any other eligibility criteria that may be determined by the SGP Committee from time to time at its sole discretion, whose decision shall be final and binding.

(d) All new ordinary shares issued pursuant to the SGP will rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the new ordinary shares so issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid to shareholders date of allotment of such new ordinary shares.

The movement in the total number of share grants during the financial period is as follows:

	Group and Company				
	At 1.1.2022 '000	**Granted '000**	**Issued/ Transferred '000**	**Forfeited '000**	**At 30.6.2023 '000**
30.6.2023					
SGP	-	15,151	-	-	15,151

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

21. SHARE GRANT RESERVE (CONTINUED)

The fair value SGP shares granted on 30 June 2023 were measured at grant date and the assumptions were as follows:

i) The fair value of 7,720,276 SGP shares was valued by reference to the market price at the grant date of RM0.76.

ii) The performance conditions for 7,430,184 SGP shares include non-market conditions and market conditions. The non-market conditions were estimated based on the Binomial Option Pricing Model. The key assumptions used in these models are as follows:

	30.6.2023
Grant date	30 June
Share price	RM0.76
Expected dividend yield	Nil
Expected volatility	70.72%
Risk free rate	3.22% - 3.36%

22. REVALUATION RESERVE

	Group	
	30.6.2023 RM'000	**31.12.2021 RM'000**
At the beginning of the financial period/year	5,396	5,396
Transfer to retained earnings upon disposal of subsidiaries	(5,396)	-
At the end of the financial period/year	-	5,396

The revaluation reserve represents surplus arising from revaluation of land and buildings as disclosed in Notes 5 and 6 to the financial statements.

23. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

24. LOANS AND BORROWINGS

	Note	Group 30.6.2023 RM'000	Group 31.12.2021 RM'000
Secured			
Non-current			
Term loan (Islamic)	(a)	10,584	16,184
Current			
Term loan (Islamic)	(a)	784	1,206
Term loan	(b)	-	2,000
Bank overdrafts	(c)	-	62
		784	3,268
Total loans and borrowings		11,368	19,452

(a) **Term loan (Islamic)**

Term loan (Islamic) I
As at 30 June 2023, Term loan (Islamic) I was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, Term loan (Islamic) I represents the term loan of a subsidiary bears profit rate at 5.51% per annum and is repayable by 59 monthly instalments over seven years commencing on the 25th of the month after the first drawdown and is secured and supported as follows:

(i) Charge over properties of a subsidiary as disclosed in Notes 5, 6 and 18 to the financial statements;
(ii) Guarantee from a director;
(iii) Corporate guarantee of a subsidiary; and
(iv) Charge over cash deposit – debt service reserve account.

Term loan (Islamic) II
Term loan (Islamic) II represents the term loan of a subsidiary bears profit rate of 4.86% (31.12.2021: Nil) per annum and is repayable by 180 monthly instalments over 15 years commencing from the following month after the date of first drawdown and is secured and supported as follows:

(i) First party first legal charge over the investment properties as disclosed in Note 7 to the financial statements;
(ii) Personal guarantee by a director; and
(iii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

24. LOANS AND BORROWINGS (CONTINUED)

(b) Term loan

As at 30 June 2023, term loan was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, term loan of a subsidiary represents a share margin trading facility. The term loan bears interest rate at 5% per annum and is secured and supported as follows:

(i) Memorandum of deposits over a subsidiary's shares; and
(ii) Corporate guarantee of the Company.

(c) Bank overdrafts

As at 30 June 2023, bank overdraft was derecognised as a result of the disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

In the previous financial year, the bank overdrafts bear interest at rates ranging from 6.51% to 7.90% per annum and are secured by way of:

(i) Charge over properties of a subsidiary as disclosed in Notes 5, 6 and 18 to the financial statements;
(ii) Guarantee from a director;
(iii) Corporate guarantee of a subsidiary;
(iv) Charge over cash deposit – debt service reserve account;
(v) Fixed deposits placed with licensed banks as disclosed in Note 17 to the financial statements;
(vi) Half yearly sinking fund of RM25,000 to be placed until the bank overdraft of RM495,000 is fully secured; and
(vii) Corporate guarantee by the Company.

25. LEASE LIABILITIES

	Group	
	30.6.2023 RM'000	**31.12.2021 RM'000**
Non-current		
Lease liabilities	57	145,713
Current		
Lease liabilities	59	9,837
	116	155,550

In the previous financial year, certain buildings, computers and motor vehicles of the Group as disclosed in Note 6 to the financial statements are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

25. LEASE LIABILITIES (CONTINUED)

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Minimum lease payments:		
- not later than one year	66	23,050
- later than one year but not later than five years	58	92,957
- later than five years	-	125,274
	124	241,281
Less: Future interest charges	(8)	(85,731)
Present value of minimum lease payables	116	155,550
Present value of minimum lease payments:		
- not later than one year	59	9,688
- later than one year but not later than five years	57	50,000
- later than five years	-	95,862
	116	155,550
Less: Amount due within 12 months	(59)	(9,837)
Amount due after 12 months	57	145,713

26. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
Trade					
Trade payables	(a)	1,024	3,902	-	-
Non-trade					
Other payables	(b)	3,455	22,313	3,376	4,954
Amount due to former subsidiaries	(c)	63	-	63	-
Deposits	(d)	640	5,227	-	-
Accruals		3,125	13,961	1,282	3,762
SST payables		449	742	-	-
		7,732	42,243	4,721	8,716
Total trade and other payables		8,756	46,145	4,721	8,716

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

26. TRADE AND OTHER PAYABLES (CONTINUED)

(a) **Trade payables**

The normal trade credit terms granted to the Group range from 30 to 90 days (31.12.2021: 30 to 90 days).

(b) **Other payables**

(i) In the previous financial year, included in other payables of the Group are:

- an amount of RM1,188,271 due to contractor for the renovation of new campus;
- an amount of RM87,068 in respect of rental of premises; and
- an amount of RM348,518 which is due to a foundation in which a director of the Company is the founder and director.

As at 30 June 2023, these payables were derecognised as a result of disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

(ii) Included in other payables of the Company is an amount of RM2,666,841 (31.12.2021: RM3,819,000) in respect of profit guarantee compensation payable to a former subsidiary.

(c) **Amount due to former subsidiaries**

Amount due to former subsidiaries are non-trade in nature, unsecured, interest free, repayable on demand and are expected to be settled in cash.

(d) **Deposits**

In the previous financial year, included in deposits are amounts of RM3,000,000 received from purchasers of properties of the Group. As at 30 June 2023, the deposit was derecognised as a result of disposal of subsidiaries as disclosed in Note 8(a) to the financial statements.

(e) **Foreign currency exposure profile**

The Group's foreign currency exposure profile on the trade and other payables is as follows:

	Group	
	30.6.2023	**31.12.2021**
	RM'000	**RM'000**
Indonesian Rupiah	131	250
United States Dollar	-	21
	131	271

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

27. CONTRACT ASSETS/(LIABILITIES)

	Group	
	30.6.2023	**31.12.2021**
	RM'000	**RM'000**
Contract assets		
Accrued income	4,737	6,299
Contract liabilities		
Deferred income	(1,724)	(18,816)
Advances received from students	-	(11,110)
	(1,724)	(29,926)

Significant changes in contract assets/(liabilities):

	Group	
	30.6.2023	**31.12.2021**
	RM'000	**RM'000**
Contract assets		
Increased due to revenue recognised for unbilled goods or services transferred to customers	4,737	6,299
Transfer from contract assets recognised at the beginning of the financial period/year to receivables	(6,299)	(7,471)
Contract liabilities		
Revenue recognised that was included in contract liabilities at the beginning of the financial period/year	29,926	29,691
Increases due to billing/cash received in advance not recognised as revenue at the end of the financial period/year	(30,815)	(29,926)
Transfer due to disposal of subsidiaries (Note 8(a))	29,091	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

28. REVENUE

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers:				
Software consultancy and development	52	163	-	-
IT solutions	87,561	50,188	-	-
	87,613	50,351	-	-
Revenue from other sources:				
Dividend income	-	-	4,215	6,400
Rental income	105	-	-	-
	87,718	50,351	4,215	6,400

(a) Disaggregation of revenue

The Group reports the following major segment: technology and other non-reportable segments comprise operation related to investment holding and non-active companies in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary, major goods or services and timing of revenue recognition.

	Technology RM'000	Total RM'000
Group		
30.6.2023		
Revenue from contract with customers:		
Software consultancy and development	52	52
IT solutions	87,561	87,561
	87,613	87,613
Timing of revenue recognition:		
At a point in time	24,464	24,464
Over time	63,149	63,149
	87,613	87,613

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

28. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Technology RM'000	Total RM'000
Group		
31.12.2021		
Revenue from contract with customers:		
Software consultancy and development	163	163
IT solutions	50,188	50,188
	50,351	50,351
Timing of revenue recognition:		
At a point in time	22,518	22,518
Over time	27,833	27,833
	50,351	50,351

(b) Transaction price allocated to remaining performance obligations

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligation that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

29. FINANCE COSTS

	Group	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated
	RM'000	RM'000
Interest expenses		
- borrowings	317	-
- lease liabilities	21	28
	338	28

30. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory				
- current year	237	167	147	110
- prior year	-	2	-	-
- non-statutory	86	6	86	6
Impairment loss for:				
- investment in subsidiaries	-	-	1,362	-
- amount due from subsidiaries	-	-	-	5,479
Depreciation of:				
- property, plant and equipment	1,460	712	3	3
- investment properties	171	-	-	-
- right-of-use assets	180	200	-	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

30. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax (Continued):

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Fair value (gain)/loss on quoted equity securities	(2,400)	1,711	-	-
Loss on disposal of investment in subsidiaries	-	-	20,217	-
Interest expenses:				
- lease liabilities	21	28	-	-
- borrowings	317	-	-	-
Written off for:				
- inventories	31	321	-	-
- other receivables	5,206	-	5,206	-
Realised loss on foreign exchange	-	58	-	-
Expenses relating to short-term leases	140	69	-	-
Rental expenses	130	-	-	-
Staff costs (including directors' remuneration):				
- salary, wages, allowances and bonus	4,275	4,314	40	780
- under-utilisation on bonus	(243)	-	(243)	-
- Employees' Provident Fund and SOCSO	482	485	6	11
- other staff related expenses	1,275	1,251	70	47
- share-based payment expense	5,867	-	3,750	-
Dividend income	-	-	(4,215)	(6,400)
Interest income	(340)	(33)	-	-
Waiver of debt on amount due from former subsidiaries	-	-	(7,491)	-
Gain on disposal of:				
- other investment	(788)	-	-	-
Gain on modification, derecognition and termination of lease	(36)	-	-	-
Realised gain on foreign exchange	(610)	-	-	-
Reversal of impairment loss no longer required for:				
- amount due from subsidiaries	-	-	(2,616)	(2,361)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

31. TAXATION

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- current period/year	88	8	-	-
- prior years	-	(220)	-	31
	88	(212)	-	31
Deferred tax (Note 11):				
- current period/year	142	(2)	-	-
- prior years	-	(1,798)	-	-
	142	(1,800)	-	-
Income tax expense/(credit) recognised in profit or loss	230	(2,012)	-	31

Domestic income tax is calculated at the Malaysian statutory rate of 24% (31.12.2021: 24%) of the estimated assessable profit/(loss) for the financial period.

The reconciliation from the tax amounts at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	17,562	12,093	(22,575)	1,049
Tax at Malaysian statutory income tax rate of 24% (31.12.2021: 24%)	4,215	2,902	(5,418)	252
Adjustments:				
- non-deductible expenses	4,143	1,251	7,057	1,284
- income not subject to tax	(942)	(1,248)	(1,639)	(1,536)
- tax exempt income	(7,181)	(2,899)	-	-
- deferred tax assets not recognised during the financial period	(5)	-	-	-
- over provision of deferred tax in prior years	-	(1,798)	-	-
- (over)/under provision of current tax in prior years	-	(220)	-	31
Income tax expense/(credit)	230	(2,012)	-	31

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

31. TAXATION (CONTINUED)

N'osairis Technology Solutions Sdn. Bhd., a subsidiary of the Company was granted pioneer status (100% tax exemption on taxable statutory income relating to approved business activities by Malaysian Investment Development Authority ("MIDA")) effective from 5 November 2020 to 30 June 2021. On 7 March 2022, the period of the pioneer status was extended to 4 November 2025 after obtaining approval from MIDA.

32. DISCONTINUED OPERATION

As disclosed in Note 8(a) to the financial statements, the Group had discontinued its educational business on 19 May 2023. The segment was not a discontinued operation as at 31 December 2021 and the comparative statements of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(i) Analysis of the result of discontinued operations and the result recognised on the remeasurement of discontinued operation is as follows:

	Group	
	1.1.2022 to 30.06.2023	1.1.2021 to 31.12.2021 Restated
	RM'000	RM'000
Revenue	174,722	109,691
Cost of sales	(67,823)	(47,966)
Gross profit	106,899	61,725
Other income	37,080	862
Administrative and other expenses	(115,107)	(51,328)
Operating profit	28,872	11,259
Loss on disposal of subsidiaries	(22,047)	-
Finance cost	(20,796)	(15,577)
Loss before tax of discontinued operation	(13,971)	(4,318)
Tax expenses	(3,584)	(400)
Loss after tax of discontinued operation, net of tax	(17,555)	(4,718)
(Loss)/Profit for the period attributable to:		
Owners of the Company	(24,118)	(6,349)
Non-controlling interest	6,563	1,631
	(17,555)	(4,718)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

32. DISCONTINUED OPERATION (CONTINUED)

(ii) The following items have been charged/(credited) in arriving at loss before tax:

	Group	
	1.1.2022 to 30.06.2023	1.1.2021 to 31.12.2021 Restated
	RM'000	RM'000
Auditors' remuneration		
- statutory		
- current year	383	337
- prior year	-	(17)
- non-statutory	6	6
Impairment loss for:		
- trade receivables	1,653	4,139
- other receivables	-	234
- goodwill on consolidation	27,172	4,500
- right-of-use assets	-	2,250
Amortisation of:		
- contract cost	8,180	3,288
- intangible assets	765	599
Depreciation of:		
- property, plant and equipment	11,127	6,655
- right-of-use assets	16,880	12,700
Expenses relating to low value assets	7	8
Expenses relating to short-term leases		
- staff quarters	3,232	756
Staff costs (including directors' remuneration):		
- salary, wages, allowances and bonus	70,028	40,141
- Employees' Provident Fund and SOCSO	6,670	3,821
Interest expenses:		
- borrowings	10,840	973
- bank overdraft	-	553
- lease liabilities	9,956	13,936
- a related company	-	115
(Gain)/Loss on disposal of:		
- property, plant and equipment	(1,290)	-
- subsidiaries	22,047	-
Gain on modification, derecognition and termination of lease	(19,997)	(127)
COVID-19 related rent concession	-	(123)
Interest income	(20)	(76)
Reversal of impairment loss no longer required for:		
- trade receivables	(13)	-
- other receivables	(586)	-
- non-current assets held for sale	-	(131)
- right-of-use assets	(10,331)	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

32. DISCONTINUED OPERATION (CONTINUED)

(iii) Cash flows generated from/(used in) discontinued operation:

	Group	
	30.06.2023 RM'000	**31.12.2021 RM'000**
Net cash flows from operating activities	37,524	18,013
Net cash flows (used in)/from investing activities	(188,441)	5,571
Net cash flows from/(used in) financing activities	93,601	(11,975)

33. (LOSS)/EARNINGS PER SHARE

(a) **Basic (loss)/earnings per ordinary shares**

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding, excluding treasury shares during the financial period, calculated as follows:

	Group	
	1.1.2022 to 30.6.2023 RM'000	**1.1.2021 to 31.12.2021 Restated RM'000**
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	7,450	8,028
- Discontinued operations	(24,118)	(6,349)
	(16,668)	1,679

	Number of Shares Unit ('000)	**Number of Shares Unit ('000)**
Weighted average number of ordinary shares in issue		
At 1 January 2022/2021	445,240	425,002
Add: Effect of issuance of shares	-	19,185
At 30 June 2023/31 December 2021	445,240	444,187
Basic earnings/(loss) per share (sen)		
- Continuing operations	1.67	1.81
- Discontinued operations	(5.42)	(1.43)
	(3.74)	0.38

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

33. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per share are based on the (loss)/profit for the financial period attributable to ordinary equity holders of the Company and the weight average number of ordinary shares outstanding, excluding treasury shares during the financial period plus the weight average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	1.1.2022 to 30.6.2023	**1.1.2021 to 31.12.2021 Restated**
	RM'000	**RM'000**
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	7,450	8,028
- Discontinued operations	(24,118)	(6,349)
	(16,668)	1,679
	Number of Shares Unit ('000)	**Number of Shares Unit ('000)**
Weighted average number of ordinary shares in issue	445,240	444,187
Effect of dilution for:		
- Shares Grant Plan (Note 21)	15,151	-
Adjusted weighted average number of ordinary shares in issue and issuable	460,391	444,187
Diluted earnings/(loss) per share (sen)		
- Continuing operations	1.62	1.81
- Discontinued operations	(5.24)	(1.43)
	(3.62)	0.38

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

34. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Entities in which directors have substantial financial interests; and
(iii) Key management personnel of the Group and of the Company comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Dividend Income				
Subsidiaries	-	-	4,215	6,400

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

34. RELATED PARTIES (CONTINUED)

(c) Key management personnel compensation

The details of key management personnel compensation during the financial period are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021 Restated	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Salaries, bonus and allowances	3,671	2,351	-	-
Fees	1,287	746	1,287	738
Contribution to Employees' Provident Fund	426	184	-	-
Share grant expenses	3,408	-	3,408	-
Other emoluments	75	5	65	35
	8,867	3,286	4,760	773
Other key management personnel (including director of the subsidiaries)				
Salaries, bonus and allowances	4,063	1,270	-	-
Contribution to Employees' Provident Fund	415	84	-	-
Share grant expenses	2,383	-	-	-
	6,861	1,354	-	-
	15,728	4,640	4,760	773

35. SEGMENTAL INFORMATION

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operations in each of the Group's reportable segments:

(a) Education & Training: Business of operating educational institutions and provisions educational management services, human resources or human resources development training, consulting, outsourcing, events, learning resources and advisory support services.

(b) Technology: Provide software consultancy and development and its related services.

Other non-reportable segments comprise operations related to investment holding and non-active companies.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

35. SEGMENTAL INFORMATION (CONTINUED)

30.6.2023	Education and training /others (Discontinued) RM'000	Technology RM'000	Investment holding RM'000	Adjustments/ Elimination RM'000		Total RM'000
Revenue:						
Revenue from external customers	195,817	87,613	105	(195,817)	*	87,718
Inter-segment revenue	21,504	-	4,780	(26,284)	#	-
	217,321	87,613	4,885	(222,101)		87,718
Results:						
Included in the measure of segment (loss)/profit						
Interest income	20	339	1	(20)	*	340
Interest expense	(20,796)	(22)	(316)	20,796	*	(338)
Depreciation of:						
- property, plant and equipment	(11,127)	(1,456)	(4)	11,127	*	(1,460)
- investment properties	-	-	(171)	-	*	(171)
- right-of-use assets	(16,880)	(180)	-	16,880	*	(180)
Impairment loss for:						
- trade receivables	(1,653)	-	-	1,653	*	-
- goodwill	(27,172)	-	-	27,172	*	-
Amortisation of:						
- intangible assets	(765)	-	-	765	*	-
- contract cost	(8,180)	-	-	8,180	*	-
Written off for:						
- inventories	-	(31)	-	-	*	(31)
- other receivables	-	-	(5,206)	-	*	(5,206)
Loss on disposal of subsidiaries	(22,047)	-	-	22,047	*	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

35. SEGMENTAL INFORMATION (CONTINUED)

	Education and training /others (Discontinued) RM'000	Technology RM'000	Investment holding RM'000	Adjustments/ Elimination RM'000		Total RM'000
Results (Continued):						
30.6.2023						
Included in the measure of segment (loss)/profit (Continued)						
Gain on disposal:						
- property, plant and equipment	1,290	-	-	(1,290)	*	-
- other investment	-	788	-	-	*	788
Gain on modification, termination and derecognition of lease	19,997	36	-	(19,997)	*	36
Fair value gain on quoted equity securities	-	2,400	-	-	*	2,400
Reversal of impairment loss no longer required for:						
- trade receivables	13	-	-	(13)	*	-
- other receivables	586	-	-	(586)	*	-
- right-of-use assets	10,331	-	-	(10,331)	*	-
Segment (loss)/profit	(13,971)	33,625	(16,063)	13,971	*	17,562
Income tax expense	(3,584)	(230)	-	3,584	*	(230)
(Loss)/Profit for the financial period	(17,555)	33,395	(16,063)	17,555	*	17,332

35. **SEGMENTAL INFORMATION (CONTINUED)**

	Education and training /others (Discontinued) RM'000	Technology RM'000	Investment holding RM'000	Adjustments/ Elimination RM'000		Total RM'000
31.12.2021 (Restated)						
Revenue:						
Revenue from external customers	109,691	50,351	-	(109,691)	*	50,351
Inter-segment revenue	12,975	1,080	6,400	(20,455)	#	-
	122,666	51,431	6,400	(130,146)		50,351
Results:						
Included in the measure of segment (loss)/profit						
Interest income	76	33	-	(76)	*	33
Interest expense	(15,577)	(28)	-	15,577	*	(28)
Depreciation of:						
- property, plant and equipment	(6,655)	(709)	(3)	6,655	*	(712)
- right-of-use assets	(12,700)	(200)	-	12,700	*	(200)
Impairment loss for:						
- trade receivables	(4,139)	-	-	4,139	*	-
- other receivables	(234)	-	-	234	*	-
- right-of-use assets	(2,250)	-	-	2,250	*	-
- goodwill	(4,500)	-	-	4,500	*	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

35. **SEGMENTAL INFORMATION (CONTINUED)**

	Education and training /others (Discontinued) RM'000	Technology RM'000	Investment holding RM'000	Adjustments/ Elimination RM'000	Total RM'000
31.12.2021 (Restated)					
Results (Continued):					
Included in the measure of segment (loss)/profit (Continued)					
Amortisation of:					
- intangible assets	(599)	-	-	599 *	-
- contract cost	(3,288)	-	-	3,288 *	-
Fair value loss on quoted equity securities	-	(1,711)	-	-	(1,711)
COVID-19 related rent concession	123	-	-	(123) *	-
Gain on modification and derecognition of lease	127	-	-	(127) *	-
Reversal of impairment loss no longer required for:					
- non-current assets held for sale	131	-	-	(131) *	-
Segment (loss)/profit	(4,318)	13,654	(1,561)	4,318 *	12,093
Income tax expense/(credit)	(400)	2,043	(31)	400 *	2,012
(Loss)/Profit for the financial year	(4,718)	15,697	(1,592)	4,718 *	14,105

* The amounts relating to education, training and others segments have been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they are presented separately in the statements of comprehensive income within one line item, “loss from discontinued operations, net of tax”.

\# Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

35. SEGMENTAL INFORMATION (CONTINUED)

Segment profit or loss is measured based on segment profit/(loss) before tax that are reviewed by the Chairman. The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Information about major customers

Major customers' information represents revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

The Group has a major customer with revenue equal or more than 84% (31.12.2021: 18%) of the Group revenue from the technology segment contributing total revenue of RM64,579,927 (31.12.2021: RM28,180,071).

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as follows:

	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
Group			
30.6.2023			
Financial assets			
Trade and other receivables *	-	14,917	14,917
Fixed deposits placed with licensed banks	-	589	589
Cash and bank balances	-	16,296	16,296
	-	31,802	31,802
Financial liabilities			
Trade and other payables #	-	8,307	8,307
Loans and borrowings	-	11,368	11,368
	-	19,675	19,675

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as follows (Continued):

	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
Group			
31.12.2021			
Financial assets			
Other investment	1,661	-	1,661
Trade and other receivables *	-	40,564	40,564
Fixed deposits placed with licensed banks	-	16,411	16,411
Cash and bank balances	-	28,789	28,789
	1,661	85,764	87,425
Financial liabilities			
Trade and other payables # @	-	42,403	42,403
Loans and borrowings	-	19,452	19,452
	-	61,855	61,855

	Amortised cost RM'000	Total RM'000
Company		
30.6.2023		
Financial assets		
Trade and other receivables *	7	7
Cash and bank balances	3,959	3,959
	3,966	3,966
Financial liabilities		
Other payables and accruals	4,721	4,721
Amount due to subsidiaries	34,269	34,269
	38,990	38,990

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as follows (Continued):

	Amortised cost RM'000	Total RM'000
Company		
31.12.2021		
Financial assets		
Trade and other receivables *	5,803	5,803
Amount due from subsidiaries	71	71
Cash and bank balances	1,544	1,544
	7,418	7,418
Financial liabilities		
Other payables and accruals	8,716	8,716
Amount due to subsidiaries	7,554	7,554
	16,270	16,270

* *The amount excludes prepayments and GST refundable.*
\# *The amount excludes SST payable.*
@ *Exclude deposit received for sale of properties as disclosed in Note 26(d).*

(b) Fair values

(i) *Determination of fair value*

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings, are reasonable approximation of fair value due to the relatively short-term nature of these financial instruments.

In respect of the long-term borrowings with variable interest rates, the carrying amounts approximate fair values as they are repriced to market interest rates for liabilities with similar risk profiles.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values (Continued)

(i) *Determination of fair value (Continued)*

The following table provide the fair value measurement hierarchy of the Group's financial instrument:

	Fair value measurement Level 1 RM	Carrying amount RM
Group		
30.6.2023		
Financial assets at fair value		
- other investment	-	-
31.12.2021		
Financial assets at fair value		
- other investment	1,661	1,661

There has been no transfer between Level 1 and Level 2 during the financial period (31.12.2021: no transfer in either direction).

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(i) Credit risk (Continued)

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	Group			
	30.6.2023		31.12.2021	
	RM'000	% of total	RM'000	% of total
Education	-	-	18,410	60%
Technology	19,049	100%	12,182	40%
	19,049	100%	30,592	100%

The Group applied the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

Group	Gross carrying amount RM'000	ECL allowance RM'000	Net balance RM'000
30.6.2023			
Current (not past due)	12,753	-	12,753
1 to 30 days past due	4,429	-	4,429
> 30 days past due	305	-	305
> 60 days past due	4	-	4
> 90 days past due	1,328	-	1,328
> 120 days past due	230	-	230
	19,049	-	19,049
31.12.2021			
Current (not past due)	10,767	-	10,767
1 to 30 days past due	1,825	(26)	1,799
> 30 days past due	2,163	(28)	2,135
> 60 days past due	3,457	(65)	3,392
> 90 days past due	5,021	(233)	4,788
> 120 days past due	11,726	(4,015)	7,711
Credit impaired:			
- individually impaired	44,476	(44,476)	-
	79,435	(48,843)	30,592

The reconciliations of loss allowance for trade receivables as at 30 June 2023 and 31 December 2021 are disclosed in Note 15 to the financial statements.

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and balance balances, and related company balance), the Group and the Company minimise credit risk by dealing with credit worthy counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

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. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the intercompany does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(i) to the financial statements for the Group’s and the Company’s other accounting policies for impairment of financial assets.

Other than the credit-impaired other receivables, the Group and the Company consider the other financial assets as at 30 June 2023 to have low credit risk and the expected credit loss is negligible. The reconciliations of loss allowance for other receivables as at 30 June 2023 are disclosed in Note 15 to the financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group’s and the Company’s exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group’s and the Company’s exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

The Group's and the Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company will ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

The Group has taken new banking facilities in which the Group is able to utilise these facilities to finance its capital expenditure, working capital and/or other funding requirements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(ii) Liquidity risk (Continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities based on contractual undiscounted repayment at the reporting date are as follows:

	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities					
Group					
30.6.2023					
Trade and other payables #	8,307	8,307	8,307	-	-
Lease liabilities	116	124	66	58	-
Loans and borrowings	11,368	14,078	1,281	4,743	8,054
	19,791	22,509	9,654	4,801	8,054
31.12.2021					
Trade and other payables # @	42,403	42,403	42,403	-	-
Lease liabilities	155,550	241,281	23,050	92,957	125,274
Loans and borrowings	19,452	22,575	4,196	17,007	1,372
	217,405	306,259	69,649	109,964	126,646
Company					
30.6.2023					
Trade and other payables #	4,721	4,721	4,721	-	-
Amount due to subsidiaries	34,269	34,269	34,269	-	-
	38,990	38,990	38,990	-	-
31.12.2021					
Trade and other payables #	8,716	8,716	8,716	-	-
Amount due to subsidiaries	7,554	7,554	7,554	-	-
	16,270	16,270	16,270	-	-

\# *Exclude SST payable.*
@ *Exclude deposit received for sale of properties as disclosed in Note 26(d).*

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

37. **FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

(iii) **Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial period.

	Change in basis point	Effect on profit for the financial period/year Increase/ (Decrease) RM'000	Effect on equity Increase/ (Decrease) RM'000
Group			
30 June 2023	+ 50	(43)	(43)
	- 50	43	43
31 December 2021	+ 50	(74)	(74)
	- 50	74	74

(iv) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly Indonesian Rupiah, Euro and United States Dollar. The Group's receivables and payables balances at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of the RM against respective foreign currencies as at the end of the reporting period would have immaterial impact on profit before tax.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. There were no changes in the Group's approach to capital management during the financial period.

The debt-to-equity ratios as at 30 June 2023 and 31 December 2021 were as follows:

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
Loans and borrowings (Note 24)	11,368	19,452	-	-
Less : Cash and bank balances	(16,296)	(28,789)	(3,959)	(1,544)
Less : Fixed deposits placed with licensed banks	(589)	(16,411)	-	-
Net debts	(5,517)	(25,748)	(3,959)	(1,544)
Total equity attributable to the owners of the Company	41,597	112,313	47,854	64,562
Total equity plus net debts	36,080	86,565	43,895	63,018
Gearing ratio	#	#	#	#

\# *Not meaningful.*

The Group does not have any externally imposed capital requirement other than a debt to service coverage ratio of a subsidiary in respect of term loan facility as disclosed in Note 24 to the financial statements.

STATEMENT BY DIRECTORS

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

We, **TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR** and **SUBRAMANIAN A/L AMAMALAY**, being two of the directors of **SMRT HOLDINGS BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 64 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial period from 1 January 2022 to 30 June 2023.

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

……………………………………………

TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR
Director

……………………………………………

SUBRAMANIAN A/L AMAMALAY
Director

Date: 26 October 2023

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

I, **CHU KHEH WEE**, being the director primarily responsible for the financial management of **SMRT HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 64 to 182 are 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.

……………………………………………
CHU KHEH WEE
MIA Membership No.: CA 15220

Subscribed and solemnly declared by the abovenamed at Putrajaya in the Federal Territory on 26 October 2023.

Before me,

……………………………………………
MOHD AIMI ZAINI BIN MOHD AZHAR (BC/M/692)
No PJS W720
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SMRT HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SMRT Holdings Berhad, which comprise the statements of financial position as at 30 June 2023 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 period from 1 January 2022 to 30 June 2023, and notes to financial statements, including significant accounting policies, as set out on pages 64 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and cash flows for the financial period from 1 January 2022 to 30 June 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

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 period. 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.

Group

Disposal of educational segment (Note 8 to the financial statements)

The Group concluded the disposal of the educational segment during the financial period and recorded a loss of RM22,047,000 in the profit and loss. We focused on this area because of the significance of the impact of the disposal on the consolidated financial statements.

Our response:

Our audit procedures included, among others:

- Reading the terms and conditions stated in the share sale agreement with the buyer;
- Comparing the assets and liabilities disposed to the financial statements of the subsidiaries;
- Recomputing the loss on the disposal; and
- Reviewing the consolidation journal entries resulting from the disposal.

Trade receivables (Note 4(i) and Note 15 to the financial statements)

The Group has significant trade receivables as at 30 June 2023. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking information at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- Understanding of any significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing report and testing the reliability of the reports; and
- Testing subsequent receipt after financial period end and considering the level of activity with the customer, consider customer's financial liability and past trend of payments and management explanations on recoverability with significant past due balances.

INDEPENDENT AUDITORS' REPORT
(Continued)

Key Audit Matters (Continued)

Company

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and 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 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

(Continued)

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:

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

We 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Jason Wong Yew Ming
No. 03668/06/2024 J
Chartered Accountant

Kuala Lumpur

Date: 26 October 2023

LIST OF PROPERTIES

No.	Name of Registered Owner / Beneficial Owner: Lot. No. / Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 30 June 2023 (RM'000)
1	Strategic Ambience Sdn Bhd i). Nos. 017545961, 017545970, 017545989, 017545998 and 017546002, Likas in the District of Kota Kinabalu. ii). Nos. 017546011, 017546020 and 017546039, likas in the District of Kota Kinabalu Postal Address Lots 33 -40, Lorong Juta 5, Plaza Juta, Batu 4, Jalan Tuaran Likas, 88400 Kota Kinabalu, Sabah.	Eight (8) adjoining units of four sto-rey terrace shop/ office comprising six (6) units of intermediate units and two (2) corner units / Campus	14,164 / 56,656	Leasehold	15 years	20-12-2022	RM14,529

(Date of last revaluation: 24th May 2022)

The property has been pledged as security by way of a Facility Agreement and Deed of Assignment to secure banking facilities as disclosed in Note 24 on Page 153 to the financial Statements.

ANALYSIS OF SHAREHOLDINGS

As At 29 September 2023

SHARE CAPITAL

Total number of Issued Shares : 445,239,975 (excluding Treasury Shares of 2,283,100)
Class of shares : Ordinary Shares
Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of shares	%
1 – 99	397	13.10	12,301	0.00
100 – 1,000	447	14.75	196,877	0.04
1,001 – 10,000	1,100	36.30	6,268,997	1.41
10,001 – 100,000	823	27.16	30,199,452	6.78
100,001 – 1,000,000	211	6.96	68,705,863	15.43
Over 1,000,000	52	1.72	339,856,485	76.33
TOTAL	**3,030**	**100.00**	**445,239,975**	**100.00**

DIRECTORS' SHAREHOLDINGS

Directors	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Subramanian A/L Amamalay	1,182,033	0.265	-	-
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	60,704,515	13.634	71,589,272	16.079 (1)
Maha Ramanathan Palan	300,000	0.067	-	-
Chu Kheh Wee	-	-	-	-
Lim Kwee Yong	-	-	-	-
Ng Kit Ching	-	-	-	-
Arthur Jack Hogarth	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	60,704,515	13.634	71,589,272	16.079 (1)
Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi	-	-	132,293,787	29.713 (2)
Special Flagship Holdings Sdn Bhd	71,589,272	16.079	-	-

Notes:

(1) Deemed interested by virtue of his shareholdings in Special Flagship Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
(2) Deemed interested by virtue of her shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of her husband, Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar pursuant to Section 8 and 197 of the Companies Act 2016 respectively..

ANALYSIS OF SHAREHOLDINGS
(Continued)

LIST OF TOP 30 SHAREHOLDERS

No	Name	No. of Shareholdings	%
1	Special Flagship Holdings Sdn Bhd	71,589,272	16.08
2	Palaniappan A/L Ramanathan Chettiar	60,704,515	13.63
3	Bayu Kenanga Sdn Bhd	21,930,000	4.93
4	Victory Platinum Sdn Bhd	21,714,787	4.88
5	Bidadari Cahaya Sdn Bhd	12,655,900	2.84
6	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary : Urusharta Jamaah Sdn Bhd (AHAM AM 2)	12,516,000	2.81
7	Citigroup Nominees (Tempatan)Sdn Bhd Beneficiary : Exempt An For AIA Bhd	12,342,500	2.77
8	Maybank Securities Nominees(Tempatan) Sdn Bhd Beneficiary : One IFC Residence Sdn Bhd	9,896,000	2.22
9	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Wong Chee Kuan (MY3341)	6,839,200	1.54
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Dayatahan Sdn Bhd (7003143)	6,780,828	1.52
11	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Maybank Trustees Berhad For Areca Equity Trust Fund (211882)	6,500,000	1.46
12	Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary : One IFC Hotel Sdn Bhd	6,267,600	1.41
13	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary : Urusharta Jamaah Sdn. Bhd. (Principal 2)	5,993,300	1.35
14	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary : Exempt An For AIA Public Takaful Bhd	5,430,500	1.22
15	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary : Universal Trustee (Malaysia) Berhad For Principal Lifetime	4,460,500	1.00
16	Bayangan Samudera Sdn Bhd	4,060,000	0.91
17	Tokio Marine Life Insurance Malaysia Bhd Beneficiary : As Beneficial Owner (TMEF)	4,000,000	0.90
18	Yong Koon Seng	3,913,300	0.88
19	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Chiang Fong Wei (MY3410)	3,519,300	0.79
20	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary : Universal Trustee (Malaysia) Berhad For Principal Islamic Small Cap Opportunities Fund	3,483,300	0.78
21	Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary : CMY Incubator Sdn Bhd	3,112,800	0.70

ANALYSIS OF SHAREHOLDINGS
(Continued)

No	Name	No. of Shareholdings	%
22	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Tan Yat Kiang (My1469)	3,006,000	0.68
23	CIMB Group Nominees (Tempatan) Sdn Bhd Beneficiary : Cimb Commerce Trustee Berhad For Fortress Global Growth Fund	2,911,400	0.65
24	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Maybank Trustees Berhad For Principal Islamic Lifetime Balan CED Growth Fund (230122)	2,678,500	0.60
25	HSBC Nominees (Tempatan) Sdn Bhd BENEFICIARY : HSBC (M) Trustee Bhd For Principal Dali Opportunities Fund	2,627,000	0.59
26	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Maybank Trustees Berhad For Principal Lifetime Balanced Fund (980060)	2,255,700	0.51
27	Dimensi Aurora Sdn Bhd	2,228,150	0.50
28	CMY Incubator Sdn Bhd	2,200,000	0.49
29	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Maybank Trustees Berhad For Principal Dynamic Enhanced Malaysia Income Fund (980070)	2,044,500	0.46
30	UOBM Nominees (Tempatan) Sdn Bhd Beneficiary : UOB Asset Management (Malaysia) Berhad	1,900,000	0.43
	TOTAL:	**302,721,652**	**67.99**

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) Annual General Meeting ("**AGM**") of SMRT Holdings Berhad ("**SMRT**" or "**Company**") will be held at Grand Hall, Level 4, Academic Block, University of Cyberjaya, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 6 December 2023 at 10.00 a.m. for the following purposes :

AGENDA

ORDINARY BUSINESS:

1.	To receive the Audited Financial Statements for the financial period ended 30 June 2023 together with the Directors' Report and Auditors' Report thereon.	Explanatory Note 1
2.	To approve the payment of Directors' fees to be paid to Directors from 7 December 2023 until the conclusion of the next Annual General Meeting.	**Ordinary Resolution 1** Explanatory Note 2
3.	To approve the payment of meeting allowances to be paid to Directors from 7 December 2023 until the conclusion of the next Annual General Meeting.	**Ordinary Resolution 2** Explanatory Note 2
4.	To re-elect Ms Lim Kwee Yong who retires by rotation pursuant to Clause 97 of the Company's Constitution and being eligible, offers herself for re-election.	**Ordinary Resolution 3** Explanatory Note 3
5.	To re-elect Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar who retires by rotation pursuant to Clause 97 of the Company's Constitution and being eligible, offers himself for re-election.	**Ordinary Resolution 4** Explanatory Note 3
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5** Explanatory Note 4

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modifications, the following resolution :

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

Ordinary Resolution 6
Explanatory Note 5

"**THAT** pursuant to Section 75 and Section 76 of the Companies Act 2016 and subject always to the Constitution of the Company, the ACE Market Listing Requirements and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby given full authority to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being **AND THAT** the Directors be and are hereby given full authority to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance with the provisions of the Companies Act 2016, whichever is the earlier.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(Continued)

THAT pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the existing shareholders of the Company to be offered new shares of the Company which rank equally to the existing shares of the Company **AND THAT** the Board of Directors is exempted from the obligation to offer such new shares first to the existing shareholders of the Company in respect of the allotment and issuance of new shares pursuant to Section 75 and Section 76 of the Companies Act 2016."

ANY OTHER BUSINESS :

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

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
PRACTICING CERTIFICATE NO. 201908000410
YIP SIEW CHENG (MAICSA 7006780)
PRACTICING CERTIFICATE NO. 202008001527
Company Secretaries

Kuala Lumpur
Dated: 31 October 2023

NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 8, Tower Block, University of Cyberjaya, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.

6. Only members whose names appear in the Record of Depositors on 30 November 2023 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

7. All resolutions set out in this notice will be put to vote by poll.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(Continued)

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES:

1. **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

   This item on the agenda is meant for discussion only. The provision of Section 340(1) of the Companies Act 2016 requires that the Audited Financial Statements and the Directors' Report and Auditors' Report thereon be laid before the Company at its AGM. As such, this item of the agenda is not a business which requires a resolution to be put to vote by shareholders.

2. **DIRECTORS' REMUNERATION**

   Section 230(1) of the Companies Act 2016 provides, among others, 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. In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors of the Company at the 19th AGM:

   Ordinary Resolution 1 seeks approval for payment of Directors' fees to be paid to Directors of the Company from 7 December 2023 until the conclusion of the next AGM of the Company as stated below.

   Ordinary Resolution 2 seeks approval for payment of meeting allowances to be paid to Directors of the Company from 7 December 2023 until the conclusion of the next AGM of the Company as stated below.

Board/ Board Committees (Position)	Meeting Allowances (Per Meeting) RM	Directors' Fees (Per Director per month)		
		Executive Directors RM	Non-Independent Non-Executive Directors RM	Independent Non-Executive Directors RM
Board of Directors		Up to RM10,000 Per Director	Up to RM40,000 Per Director	Up to RM3,000 Per Director
- Chairman	1,000			
- Directors	500			

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(Continued)

Board/ Board Committees (Position)	Meeting Allowances (Per Meeting) RM	Directors' Fees (Per Director per month)		
		Executive Directors RM	Non-Independent Non-Executive Directors RM	Independent Non-Executive Directors RM
Audit and Risk Management Committee			-	
- Chairman	1,000			
- Member	500			
Nomination and Remuneration Committees			-	
- Chairman	1,000			
- Member	500			

3. RE-ELECTION OF DIRECTORS

The profile of the Directors who are standing for re-election under items 4 and 5 of the agenda is set out in the Directors' Profile of the 2023 Annual Report.

Based on the recommendation of the Nomination Committee, the Board is satisfied with the performance and contributions of the following Directors and supports their re-election based on the justifications as stated below :

Ordinary Resolution 3 - Re-election of Ms Lim Kwee Yong as Independent Non-Executive Director

The Nomination Committee was satisfied that Ms Lim Kwee Yong fulfils the requirement of independence as set out in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the prescribed criteria under the Malaysian Code on Corporate Governance 2021. She has exercised her due care and carried out her professional duties as Senior Independent Non-Executive Director of the Company. She has demonstrated her independence through her engagement in the meetings by giving valuable insights to the Board and Board Committees.

Ordinary Resolution 4 - Re-election of Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar as Non-Independent Non-Executive Director

The Nomination Committee found Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' R Palan") possesses the requisite education, experience and competency to make a significant contribution to the Board. Based on his entrepreneurial leadership coupled with his many years of extensive experience, Tan Sri Dato' R Palan has provided valuable inputs and perspectives on the business and constructively feedback to the Company in developing the Group's business strategy, steering the Group forward during his tenure as a Non-Independent Non-Executive Director.

4. RE-APPOINTMENT OF AUDITORS

The Audit and Risk Management Committee was satisfied that the auditors, Messrs Baker Tilly Monteiro Heng PLT meets the relevant criteria prescribed by Rule 15.21 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board of Directors had on 27 February 2023 approved the recommendation of the Audit and Risk Management Committee to seek shareholders' approval for **Ordinary Resolution 5** at the 19th AGM.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(Continued)

5. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016

Ordinary Resolution 6 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Section 75 and Section 76 of the Companies Act 2016. If passed, it will give the Directors of the Company authority to issue shares up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares, if any) of the Company at any time in their absolute discretion without the need to convene a general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company. The general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s). The Board is of the opinion that the 10% general mandate is in the best interest of the Company and its shareholders.

The Company has not issued new shares pursuant to the Section 75 and Section 76 of the Companies Act 2016 under the general mandate sought at the 18th AGM held on 23 June 2022, which will lapse upon the conclusion of the forthcoming 19th AGM to be held on 6 December 2023.

Pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 54 of the Company's Constitution, the shareholders of the Company have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares of the Company. In order for the Board to issue any new shares, such pre-emptive rights must be waived. By you voting in favour of the proposed Ordinary Resolution 6, you will be waiving your statutory pre-emptive rights and the proposed Ordinary Resolution 6, if passed, will exclude your statutory pre-emptive rights to be offered any new shares to be allotted and issued by the Company pursuant to Section 75 and Section 76 of the Companies Act 2016, which will result in a dilution to your shareholdings in the Company.

STATEMENT ACCOMPANYING NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors seeking re-election at the Nineteenth (19th) Annual General Meeting ("AGM") of the Company pursuant to Clause 97 of the Company's Constitution are:

(1) Ms Lim Kwee Yong; and
(2) Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar

The profile of the Directors who are seeking re-election at the 19th AGM of the Company is set out in the "Directors' Profile" section on pages 6 and 9 of the Company's 2023 Annual Report.

The details of any interest in securities held by the above Directors are set out in "Directors' Report" section on pages 56 to 63 of the Company's 2023 Annual Report.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 6 as set out in the Notice of 19th AGM of the Company for the details.

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FORM OF PROXY

SMRT
HOLDINGS BERHAD
Registration No. 200401021019 (659523-T)
(Incorporated in Malaysia)

*I/We .... *NRIC/Company No ....
(Block Letters)

of ....

being a *member/members of the abovenamed Company, hereby appoint ....

*NRIC/Company No .... of ....

Telephone Number .... Email Address ....

or failing *him/her,.. *NRIC/Company No ....

of ....

Telephone Number .... Email Address ....

or failing *him/her, the CHAIRMAN of the meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting ("AGM") of SMRT Holdings Berhad to be held at Grand Hall, Level 4, Academic Block, University of Cyberjaya, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 6 December 2023 at 10.00 a.m. or any adjournment thereof in the manner indicated below :

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees to be paid to Directors from 7 December 2023 until the conclusion of the next Annual General Meeting.		
2.	To approve the payment of meeting allowances to be paid to Directors from 7 December 2023 until the conclusion of the next Annual General Meeting.		
3.	To re-elect Ms Lim Kwee Yong who retires by rotation pursuant to Clause 97 of the Company's Constitution and being eligible, offers herself for re-election.		
4.	To re-elect Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar who retires by rotation pursuant to Clause 97 of the Company's Constitution and being eligible, offers himself for re-election.		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	Authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016.		

Please indicate with an "X" in the appropriate box against the resolution on how you wish your proxy to vote. If no specific instruction as to voting is given, the proxy will vote at *his/her discretion.

Number of Shares	
CDS Account No	
Date	

____
Signature of Member / Common Seal

Fold This Flap For Sealing

Notes :

1. *A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 8, Tower Block, University of Cyberjaya, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *Only members whose names appear in the Record of Depositors on 30 November 2023 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
7. *All resolutions set out in this notice will be put to vote by poll.*

Delete where inapplicable

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Stamp
here

SMRT HOLDINGS BERHAD
Registration No. 200401021019 (659523-T)

Level 8, Tower Block,
University of Cyberjaya,
Persiaran Bestari, Cyber 11
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia

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PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Subramanian A/L Amamalay
Non-Independent Non-Executive Chairman
(Appointed as Non-Independent Non-Executive Director on 11 April 2022 and redesignated as Non-Independent Non-Executive Chairman on 4 January 2023)

Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar
Non-Independent Non-Executive Director
(Redesignated as Non-Independent Non-Executive Director on 4 January 2023)

Mr Maha Ramanathan Palan
Group Managing Director

Mr Chu Kheh Wee
Executive Director

Ms Lim Kwee Yong
Senior Independent Non-Executive Director

Ms Ng Kit Ching
Independent Non-Executive Director

Mr Arthur Jack Hogarth
Independent Non-Executive Director

Mr Malayandi @ Kalaiarasu
(Resigned as Executive Director on 28 June 2023)

AUDIT AND RISK MANAGEMENT COMMITTEE
Ms Lim Kwee Yong
Chairman

Ms Ng Kit Ching
Member

Mr Arthur Jack Hogarth
Member

NOMINATION COMMITTEE
Ms Lim Kwee Yong
Chairman

Ms Ng Kit Ching
Member

Mr Arthur Jack Hogarth
Member

REMUNERATION COMMITTEE
Ms Lim Kwee Yong
Chairman

Ms Ng Kit Ching
Member

Mr Arthur Jack Hogarth
Member

COMPANY SECRETARIES
Ms Wong Youn Kim
MAICSA 7018778
Practicing Certificate No. 201908000410

Ms Yip Siew Cheng
MAICSA 7006780
Practicing Certificate No. 202008001527

Acclime Corporate Services Sdn Bhd
Level 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur

Telephone : +603 2280 6388

EXTERNAL AUDITORS
Baker Tilly Monteiro Heng PLT (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Telephone : +603 2297 1000
Facsimile : +603 2282 9980
Website : www.bakertilly.my
Email : jason.wong@bakertilly.my

Partner-in-charge : Mr Jason Wong Yew Ming

SOLICITOR
Messrs Aaron Sankar & Co
Suite K.2.13, Level 2, Block K,
Solaris Mont Kiara,
Jalan Solaris,
50480 Kuala Lumpur.

Telephone : +603 6413 3800

REGISTERED & CORPORATE OFFICE
Level 8, Tower Block, University of Cyberjaya, Persiaran Bestari, Cyber 11 63000 Cyberjaya, Selangor D.E

Telephone : +603 2770 9199
Facsimile: +603 2770 9099
Website : www.smrt.holdings
Email : info@smrhrgroup.com

Contact person: Ms Winnie Ow

REGISTRAR
Insurban Corporate Services Sdn Bhd
149 Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

Telephone : +603 7729 5529
Facsimile : +603 7728 5948
Email : insurban@gmail.com

STOCK EXCHANGE LISTING
ACE Market
Bursa Malaysia Securities Berhad

Stock name : SMRT
Stock code : 0117

PRINCIPAL BANKERS
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Bank Muamalat Malaysia Berhad

INVESTORS RELATIONS
Website : www.smrt.holdings
Email : investors@smrt.holdings

SMRT
HOLDINGS BERHAD
www.smrt.holdings

A SMRT Holdings Berhad
Registration No. 200401021019 (659523-T)
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