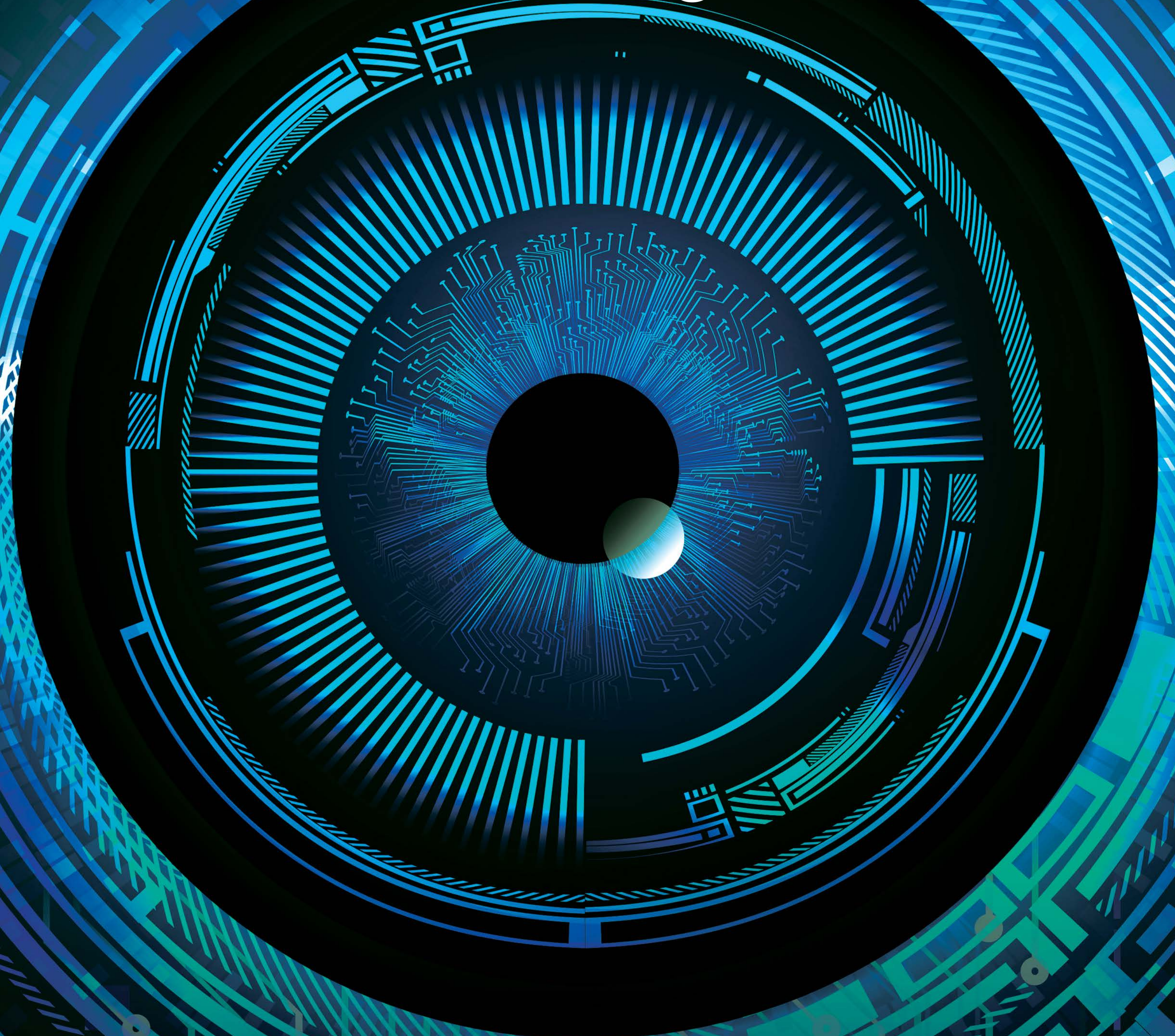
Mesiniaga



EMPOWERING INNOVATION

ANNUAL REPORT 2023

WHAT'S INSIDE

OVERVIEW

PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

42ND ANNUAL GENERAL MEETING

Tuesday, 4 June 2024

2.30 p.m.

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

Scan this QR Code to download our Annual Report 2023

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

Facts at a Glance

NORTHERN REGION

1. Perlis
2. Alor Setar
3. Sungai Petani
4. Ipoh
5. Pulau Pinang
6. Seberang Prai
7. Taiping

EAST COAST

8. Kota Bharu
9. Kuala Terengganu
10. Kuantan
11. Temerloh

CENTRAL REGION

12. Subang Jaya

Incorporated on
17 December 1981

Staff strength of
992 employees
(as of 31 December 2023)

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

Facts at a Glance

SOUTHERN REGION

13. Seremban
14. Batu Pahat
15. Johor Bahru
16. Melaka

SARAWAK

17. Bintulu
18. Kuching
19. Miri
20. Sibu
21. Limbang

SABAH

22. Beaufort
23. Kota Kinabalu
24. Lahad Datu
25. Sandakan
26. Tawau
27. Labuan

7 Nationwide Service Locations

Paid-up Capital of **60.4** million ordinary shares

Headquarters
Subang Jaya, Selangor Darul Ehsan

Key Office Locations
Mesiniaga Pulau Pinang
Mesiniaga Johor Bahru

Corporate Profile

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

Within the last 42 years, the technology landscape has changed tremendously. New trends have emerged resulting in changes in how companies do business. Across the board, companies are constantly looking for solutions that will give them an edge over their competitors. As such, we are continually striving for ways to provide our customers with an experience that will allow them to achieve their business objectives.

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

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

The strategies implemented to drive customer business performance and enhance customer satisfaction will ultimately translate into improving our business performance. This will allow us to reward our shareholders for their faith in us. To fulfil this promise, we have committed to improving our productivity yield. We are now a group of 992 employees. We have invested significantly in developing measurements of our resource utilisation because all our resources must be employed to their optimum potential.

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

Corporate Profile

VALUES

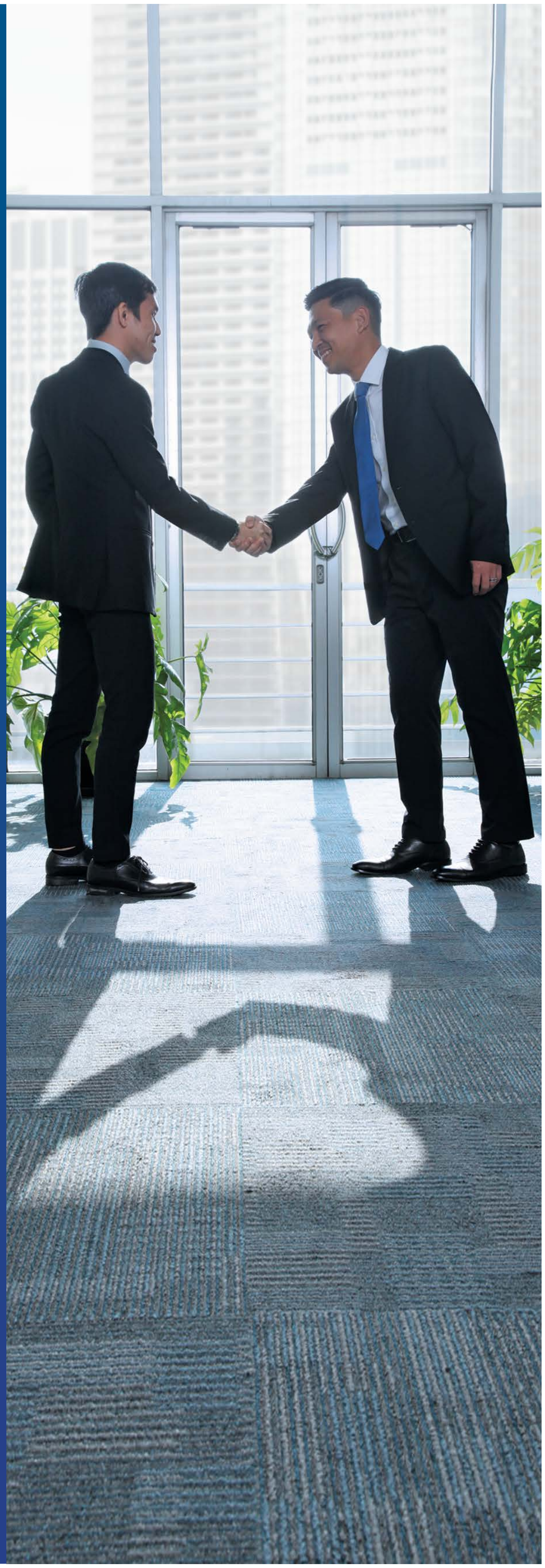
RESPECT
Good conduct towards people, roles, procedures and processes

INTEGRITY
Positive virtues with strong business ethics and professionalism

COMMITMENT
Dedicated to keep our promises to our customers

INNOVATION
Relevant and differentiated products and services in the market

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

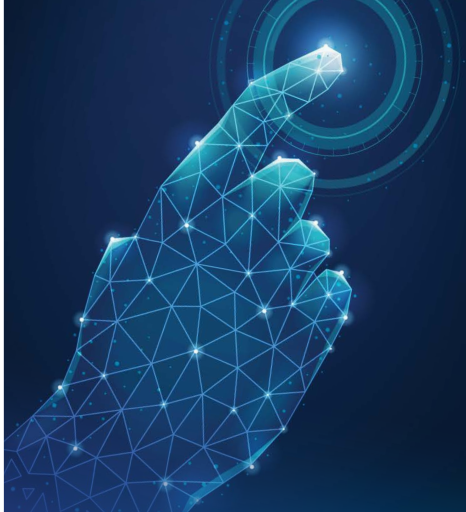


LEADING PARTNERSHIP STATUS

Current Details
Dell EMC Authorised Partner
IBM Silver Partner
Microsoft Gold Partner for Messaging, Application Integration, Data Analytics, Cloud Productivity
Microsoft Silver Partner for Application Development, Collaboration and Content, Cloud Platform, Small & Midmarket Cloud Solutions, Windows & Devices and Security
Cisco Gold Partner
Juniper Elite Partner
Trend Micro Bronze Partner
VMWare Advanced Data Centre Partner
Oracle Partner
HP Inc. Authorised Reseller Partner
HPE Silver Partner
HPE Aruba Silver Partner
Huawei Gold Partner
Commvault Premier Solution Provider
Lenovo 360 Gold Partner
Veritas Silver Partner
Procera Networks Inc. Authorised Partner
Nutanix Enrolled Partner
Fortinet Select, MSSP Partner
F5 Networks Authorised Partner
Dynatrace Authorised Partner
Red Hat Ready Partner
Veeam Silver Value-Added Reseller Partner
Trellix Partner

Corporate Information

BOARD OF DIRECTORS



DATUK WAN MOHAMED FUSIL
Executive Chairman

VOON SENG CHUAN
Independent
Non-Executive Director

FATHIL ISMAIL
Non-Independent
Non-Executive Director

SIM HONG KEE
Independent
Non-Executive Director

DATUK NOOR AZIAN SHAARI
Independent
Non-Executive Director

DATO' DARAWATI HUSSAIN
Non-Independent
Non-Executive Director

ZAIM HUSNI OMAR
Non-Independent
Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Voon Seng Chuan (Chairperson)
Fathil Ismail
Sim Hong Kee

AUDIT AND RISK MANAGEMENT COMMITTEE

Sim Hong Kee (Chairperson)
Datuk Noor Azian Shaari
Dato' Darawati Hussain

INVESTMENT COMMITTEE

Dato' Darawati Hussain (Chairperson)
Voon Seng Chuan
Fathil Ismail

COMPANY SECRETARY

Jasni Abdul Jalil (MACS 01359)
(retired on 8 February 2024)

Deborah Sharmini Benjamin
(MAICSA 7077164)
(Appointed on 22 January 2024)

COMPANY REGISTRATION NUMBER

198101013112 (79244-V)

REGISTERED OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

Maybank Islamic Berhad
Standard Chartered Saadiq Berhad
Citibank Berhad
Bank Islam Malaysia Berhad

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

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

Corporate Structure

Mesiniaga

100%
MESINIAGA DIGITAL SDN. BHD.
Provision of design, development and implementation of business solutions and product development

100%
MESINIAGA ALLIANCES SDN. BHD.
Provision of strategic information technology outsourcing services

51%
VA DYNAMICS SDN. BHD.
Sales of networking cables and related products

100%
MESINIAGA MSC SDN. BHD.
Dormant

100%
MESINIAGA MOBILITY SDN. BHD.
Dormant

100%
MESINIAGA SERVICES SDN. BHD.
Dormant

Management Discussion and Analysis

We are pleased to report that Mesiniaga navigated the challenging landscape of 2023 with resilience and emerged stronger. Despite rising inflation, currency depreciation, reduced customer budgets and customers deferring their budgets, we recorded a modest profit and positioned ourselves for sustained growth in the years ahead.

FINANCIAL HIGHLIGHTS

Our financial results underscored our commitment to fiscal responsibility, maintaining profitability, and preserving long-term shareholder value. We closed 2023 with a Profit After Tax of RM3.9 million on the back of RM260 million in Revenue. As of 31 December 2023, the Group was in a healthy cash position of RM64.4 million.

Throughout 2023, we secured several significant projects that will benefit the Group in the coming years. These include the Jabatan Kastam Diraja Malaysia MYGST System Maintenance Services and License Renewal, Malaysian Investment Development Authority InvestMalaysia Maintenance Support, Lembaga Hasil Dalam Negeri HITS Platform Maintenance Support and Suruhanjaya Syarikat Malaysia Corporate Registry System Core Application Development and Maintenance. We will capitalise on this momentum and accelerate our progress further.

Datuk Wan Mohamed Fusil
Executive Chairman

Management Discussion and Analysis

Group Revenue
RM260 million
FYE 2022: RM293 million

Profit After Tax
RM3.9 million
FYE 2022: RM6.7 million

Net Current Assets
RM77 million
FYE 2022: RM78 million

TECHNOLOGICAL TRENDS AND MALAYSIA'S DIGITAL ECONOMY

In response to evolving IT landscapes, we have intensified efforts and investments in employee skill development, focusing mainly on Application Development, Cybersecurity, and Artificial Intelligence (AI). These will enable us to meet the needs of our customers, stay ahead of the industry trends, and remain relevant in the Malaysian Digital Economy ecosystem.

With Malaysia's 5G coverage reaching 80% of populated areas as of 31 December 2023 and still expanding, we expect the digitalisation of public and commercial services to accelerate. With 5G, the potential for introducing sophisticated applications on smart devices is immense, significantly enhancing the public's access to government services. This technology is an upgrade in speed and a gateway to innovative service delivery, making government and commercial enterprises more responsive, transparent, and user-friendly.

Mesiniaga views 5G as more than a mere speed upgrade; it represents a revolutionary shift in public and commercial service delivery. Leveraging our Software Engineering team's proven application development and implementation expertise, we are ideally positioned to assist government agencies and commercial enterprises in harnessing this transformative technology.

The SWIFT Framework developed by our Software Engineering team consists of ready building blocks for customised application development, reducing 30% of the initial development work in our projects. This saves time and effort and mitigates risks by presenting a compelling business case.

As the digital landscape becomes increasingly complex, cybersecurity emerges as a top-priority agenda for commercial enterprises and government agencies. As these organisations navigate the complexities of digitalisation, they become increasingly vulnerable to sophisticated cyber threats. These threats pose significant risks to protecting sensitive data, operational integrity, business continuity, and public trust.

The Company offers comprehensive and adaptive security solutions tailored to each organisation's needs. Our security monitoring solutions are designed to safeguard against current threats and evolve with emerging risks, providing long-term protection and resilience.

Adoption of AI, including Generative AI (GenAI), is expected to increase exponentially as government agencies and commercial enterprises seek to improve productivity, reduce costs and manage risks.

Our initiatives are focused on developing specialised GenAI tools and applications for internal use, streamlining processes, fostering innovative problem-solving, and unlocking new performance levels. We established a Centre of Excellence for AI towards the end of 2023 to support this initiative.

In 2024, we have allocated RM2 million for research and development. The applications we are developing have the potential to change how businesses operate. We are excited to embark on this journey and confident that our efforts will produce positive returns for our shareholders.

BUSINESS RISKS AND MITIGATION MEASURES

We actively bolstered our security posture in the face of heightened cyber threats during the COVID-19 pandemic. We implemented industry-leading security tools, invested in comprehensive employee training programs, and conducted regular drills to ensure business continuity. This proactive approach minimised disruptions and protected our valuable data. We have also tackled the issues of talent recruitment and retention by offering specialised professional training and revising our incentives and remuneration plans.

Management Discussion and Analysis

SUSTAINABLE PRACTICES AND CORPORATE SOCIAL RESPONSIBILITIES (ESG)

We recognise the importance of corporate social responsibility and sustainable business practices. In 2023, we continued our efforts to positively impact the communities we serve and minimise our environmental footprint. In caring for our planet, we participated in the Kuala Langat Forest Reserve Tree Planting Programme orchestrated by the Global Environmental Centre. We also arranged for in-house quarterly recycling programmes.

On the social front, we organised Employees Health Screening Day, which included physiotherapy and eye screening. Additionally, we conducted cancer screening for our employees above 40 years old in collaboration with the National Cancer Society Malaysia.

We initiated Rehabilitative Services for Speech and Language for underprivileged children. The sessions were held at Subang Jaya Medical Centre under the care of Pertubuhan Kesedaran Autism KL. These initiatives aligned with our commitment to creating long-term value for our shareholders and society.

OUTLOOK FOR 2024

We remain steadfast in our commitment to delivering value through our strategic initiatives.

As we entered 2024, we restructured and consolidated certain parts of our operations to improve operational efficiency and effectiveness. This will reduce overheads and improve our overall financial health.

Parallel to these efforts, we strategically promote solutions with higher service components. This includes a greater emphasis on Application Development and Managed Services. These areas promise higher profit margins and provide substantial potential for differentiation in the competitive IT landscape.

This dual approach of operational consolidation and strategic realignment towards high-margin services is designed to fortify our market position.

Mesiniaga remains dedicated to pursuing our strategic initiatives to drive long-term growth and enhance shareholder value as we move forward. These initiatives will position us for continued success in the dynamic IT business landscape.

ACKNOWLEDGEMENT

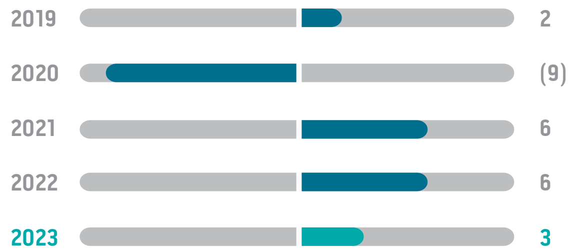
We would like to extend our heartfelt gratitude to all stakeholders for their unwavering support and dedication. We look forward to another year of growth, innovation and success.

Datuk Wan Mohamed Fusil
Executive Chairman

Five-Year Performance Statistics

Revenue (RM Million)
RM260

Profit Before Tax (RM Million)
RM3



Net Current Assets (RM Million)
RM77

Fixed Assets (RM Million)
RM35

Net Tangible Assets (RM Million)
RM110

Shareholders' Equity (RM Million)
RM110

Board at a Glance

Board of Directors

Dato' Darawati Hussain (DIMP)
Non-Independent Non-Executive Director

Sim Hong Kee (C.A. (M), CPA(M), ICDM)
Independent Non-Executive Director

Fathil Ismail
Non-Independent Non-Executive Director

Datuk Wan Mohamed Fusil (DMSM)
Executive Chairman

Voon Seng Chuan
Independent Non-Executive Director

Zaim Husni Omar
Non-Independent Non-Executive Director

Datuk Noor Azian Shaari (PMW, JSM, KMN)
Independent Non-Executive Director

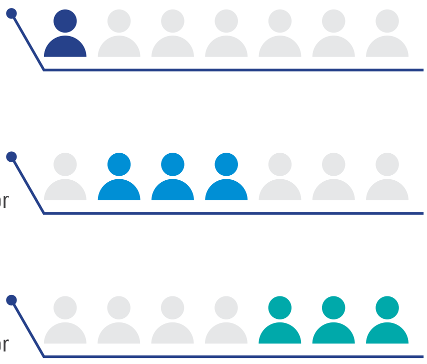
Board at a Glance

Board Composition

Executive Chairman

Independent Non-Executive Director

Non-Independent Non-Executive Director



Nationality

7

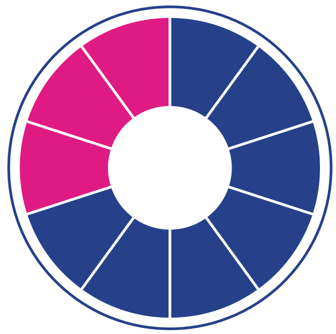
Malaysians

Board Tenure

43% 7 years above

57% 0-6 years

Gender



70% Male

30% Female

Ethnicity

70% Bumiputera

30% Non-bumiputera

Age

29% 50-55

14% 56-60

57% 61 above

Board of Directors

Datuk Wan Mohamed Fusil
(DMSM)
Executive Chairman

Age
73

Gender
Male

Nationality
Malaysian

Board Committee
Nil

10/10
Number Of Board Meetings Attended

Datuk Wan Mohamed Fusil, a key figure in the Malaysian IT industry, was appointed to the Board of Mesiniaga on 17 December 1981 as part of the team that founded the Company. He served as the Company's Chief Executive Officer from 1 November 2000 and was elected Chairman of the Board on 14 June 2007. After retiring from the position in 2007, he was reappointed as the Chief Executive Officer of Mesiniaga on 25 February 2016.

Before joining Mesiniaga, Datuk Fusil worked at IBM Malaysia, where he held various managerial positions, including Country Manager - Information Products Division. He was one of the first serving Board Members of the Multimedia Development Corporation (MDEC) and one of the founding members of the Association of Computer and Multimedia Industry Malaysia (PIKOM). He held several positions in PIKOM, including Deputy Chairman (1989-1991) and Chairman (1991/1992).

Datuk Fusil graduated with a Diploma in Accountancy from UiTM. His contributions to the IT industry in Malaysia have been invaluable, and he continues to be a respected figure in the field.

Board of Directors

Voon Seng Chuan

Independent Non-Executive Director

Age
65

Gender
Male

Nationality
Malaysian

Board Committee

- **Nomination and Remuneration Committee**
- **Investment Committee**

10/10 Number Of Board Meetings Attended

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

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

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

Board of Directors

Fathil Ismail

Non-Independent Non-Executive Director

Age
59

Gender
Male

Nationality
Malaysian

Board Committee
- **Nomination and Remuneration Committee**
- **Investment Committee**

10/10 Number Of Board Meetings Attended

Fathil Ismail has served on the Board since 1 June 2002. He was appointed Managing Director in 2008, a post which he occupied through 2013. He then continued on the Board as a Non-Independent Non-Executive Director.

An accountant by training, Fathil began his career with Ernst & Young. He then acquired Corporate Finance experience with Arab Malaysian Merchant Bank, before pursuing private enterprise in 1993.

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

Board of Directors

Sim Hong Kee

(C.A. (M), CPA(M), ICDM)

Independent Non-Executive Director

Age
68

Gender
Male

Nationality
Malaysian

Board Committee
- **Audit and Risk Management Committee**
- **Nomination and Remuneration Committee**

10/10 Number Of Board Meetings Attended

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

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

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

Post retirement, he was the Senior Advisor of Business Process and Internal Audit at a prominent local private equity company: Creador Sdn. Bhd., from May 2016 to April 2022 and Independent Non-Executive Director of Tricor Trustco (Labuan) Ltd from July 2021 to December 2023. He is an Independent Non-Executive Director of Hong Leong Assurance Berhad. He has attended the Harvard Business School's Senior Management Development Program and the IBM Asia Pacific Advanced Management School. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA); the Malaysian Institute of Accountants (MIA) as well as the Institute of Corporate Directors Malaysia (ICDM).

Board of Directors

Datuk Noor Azian Shaari
(PMW, JSM, KMN)
Independent Non-Executive Director

Age
75

Gender
Female

Nationality
Malaysian

Board Committee
- **Audit and Risk Management Committee**

10/10
Number Of Board Meetings Attended

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

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

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

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

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

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

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

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

Board of Directors

Dato' Darawati Hussain
(DIMP)

Non-Independent Non-Executive Director

Age
54

Gender
Female

Nationality
Malaysian

Board Committee
- **Audit and Risk Management Committee**
- **Investment Committee**

10/10
Number Of Board Meetings Attended

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

She also serves as an Independent Board Member of Malaysia Venture Capital Management Berhad, an Independent Director of several of RHB Group's Asset Management subsidiaries and other private limited companies.

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

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

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

Board of Directors

Zaim Husni Omar

Non-Independent Non-Executive Director

Age
52

Gender
Male

Nationality
Malaysian

Board Committee
Nil

9/10
Number Of Board Meetings Attended

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

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

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

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

Senior Leadership Team

Mesiniaga remains under the guidance of a dynamic, engaged, and experienced Senior Leadership Team, which is also known as the Executive Council (EC) of the Company. The Company endeavors to maintain a well-balanced combination of diversity, skills, and experience to effectively fulfill its responsibilities.

Our Statistics

GENDER

80% Male — 20% Female

AGE

80% 56-60 — 20% 61 above

TENURE

60% 7 years above — 40% 4-6 years

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

Datuk Wan Mohamed Fusil

Executive Chairman and Chief Executive Officer

73	Male	Malaysian

Refer to Board of Directors' Profile on page 14.

Senior Leadership Team

Ariffin Abd Majid

Chief Financial Officer

60	Male	Malaysian

Ariffin Abd Majid became an integral part of the Company in February 2017, stepping into the pivotal position of Chief Financial Officer, where he has since become an essential member of the executive team. In this influential role, Ariffin not only oversees the Company's financial affairs but also plays a central role in shaping our strategic financial management. His keen insights and financial acumen have proven instrumental in steering the Company through complex financial landscapes, contributing to our sustained growth and resilience. Ariffin's commitment to excellence is further underscored by his comprehensive approach to corporate financial governance, making him key personnel of the financial success.

Ariffin's professional journey began as an external auditor at Cooper Lancaster Brewers, Chartered Accountants in the United Kingdom, laying the groundwork for his comprehensive understanding of financial practices. In 1992, he transitioned to Petronas, marking the start of his association with the energy industry. Over the years, Ariffin continued to ascend in the financial realm, joining Business Focus Group as the Group Financial Controller and subsequently serving as the Senior General Manager at Boustead Group.

Prior to his current role with Mesiniaga, Ariffin held the esteemed position of Chief Executive Officer at Dominion Defence Industries Sdn. Bhd., a subsidiary of Boustead. His leadership at the helm of such a subsidiary further underscores his proficiency in navigating complex business landscapes and ensuring organisational success.

An alumnus of Malay College Kuala Kangsar, Ariffin further solidified his financial expertise by graduating from the Association of Chartered Certified Accountants (ACCA), emphasising his commitment to excellence and professionalism.

Ariffin Abd Majid's wealth of experience and financial acuity continue to be instrumental in steering our company towards financial resilience and sustained growth. As a key member of our EC, his contributions play a pivotal role in shaping our financial strategies and ensuring the long-term success of Mesiniaga.

Nordin Mat Isa

Director of Operations

58	Male	Malaysian

Nordin Mat Isa commenced his tenure with the Company in 2008, initially assuming the role of Head of Public Sector Business. His outstanding leadership skills and successful expansion of the public sector sales scope led to his subsequent appointment as the Director of Sales, Public Sector, and Telco Business. Recognising his strategic acumen, in March 2017, Nordin was entrusted with an additional portfolio as the Director of Products and Services. In this capacity, he has been instrumental in driving product-to-market strategies, ensuring customer commitments are met, and fostering differentiation in our product and service offerings.

As of March 2023, Nordin embarked on a new chapter within the Company, taking on the role of Director of Operations. In this expanded capacity, he will oversee all sales operations, building upon his existing responsibilities as the Head of Products and Services. This strategic move aligns with the commitment to optimising operational efficiency and leveraging Nordin's multifaceted expertise for the continued success of the organisation.

Before joining the organisation, Nordin held the position of Head of Public Sector Sales at Hewlett Packard Malaysia Sdn. Bhd., showcasing a wealth of experience accumulated over 20 years in the corporate realm. His academic foundation includes a Bachelor's Degree in Computer Science, Mathematics, and Statistics from the Australian National University.

Senior Leadership Team

Wong Keng Hoe

Director of Sales

58	Male	Malaysian

Wong Keng Hoe's illustrious career at Mesiniaga attests to his unwavering dedication and exceptional leadership. Joining the Company as an Information Systems Trainee in 1990, Wong became a pivotal member of the team. His ascent through the ranks showcased not only his technical acumen but also his strategic vision and managerial prowess.

In 1996, Wong assumed the role of Manager for the Network Services Unit, where he played a pivotal role in steering the Company's networking initiatives. His ability to navigate complex technical landscapes and lead teams effectively earned him the position of Senior Manager in 2000.

Wong's trajectory continued upward, and in 2002, he took charge as the General Manager for Network Services and Project Management. In this capacity, he oversaw critical projects and ensured seamless integration of network services, contributing significantly to Mesiniaga's growth and success.

In recognition of his outstanding contributions, Wong was appointed as the Director of Project Management and Solutions Marketing in February 2008. This role further exemplified his strategic thinking and ability to align Mesiniaga's solutions with market needs.

Wong Keng Hoe's academic background is equally impressive, with a Bachelor's degree in Computer Science from Universiti Sains Malaysia, laying the foundation for his comprehensive understanding of the industry.

As the current Director of Sales since February 2018, Wong continues to bring his wealth of experience and expertise to Mesiniaga, contributing to the Company's ongoing success and its commitment to delivering cutting-edge solutions in the dynamic world of technology.

Patricia Chan Fong Mui

Director of Corporate Strategy and Planning

59	Female	Malaysian

Patricia, a distinguished alumnus of Universiti Sains Malaysia with a First-Class Honours in Computer Science, began her journey at our company in 1989. In 1998, Patricia's expertise and vision earned her the role of Application Development Services Manager, marking the beginning of her influential managerial career.

Her promotion to General Manager in December 2010 was a testament to her broad expertise, overseeing key areas including Solutions Integration, Internal Systems, and Application Development.

Evolving into a strategic role, Patricia became the General Manager for Corporate Strategy and Planning in 2016, where she played a pivotal role in shaping our business models and guiding our executive team on strategic initiatives and budget planning.

Her contributions were recognised in 2021 with her promotion to Director, Corporate Strategy and Planning, and her appointment as special assistant to the CEO. 2023 marked another milestone in Patricia's illustrious career as she was appointed to lead our newly formed AI Centre of Excellence, harnessing generative AI technology to enhance workforce productivity at Mesiniaga.

Sustainability Statement

The Group is committed to continuously reviewing and enhancing its sustainability practices and integrating them into its business strategy, operations, and regulatory compliance requirements. The Board approved this Statement on 29 March 2024.

INTRODUCTION

The Sustainable Development Goals (SDGs) were adopted in 2015 by all United Nations Member States, including Malaysia. 17 goals and 169 targets were set and designed to promote peace and prosperity for all people and the planet. These goals have been integrated into Malaysia's 5-year national development plan and government budget.

Mesiniaga is a responsible Public Listed Company (PLC) and supports the Environmental, Social, and Governance (ESG) agenda and the Malaysian government's aspirations for sustainable development. This Statement has been prepared with reference to the following documents issued by Bursa Malaysia Securities Berhad (Bursa Malaysia):

a. Main Market Listing Requirements;
b. Practice Note 9 (Risk Management and Internal Control, Corporate Governance and Sustainability Statement);
c. Illustrative Sustainability Reporting Guide (ISR); and
d. Sustainability Reporting Guide and its accompanying toolkits (3rd Edition).

Mesiniaga has joined the ESG Association of Malaysia to keep up-to-date with the latest ESG practices and support the cause of sustainability within our sector. This membership underscores our dedication to implementing best practices and spreading awareness of material sustainability matters across the Group's value chain.

Sustainability Statement

SUSTAINABILITY SCOPE

This Sustainability Statement covers Mesiniaga Berhad and its subsidiaries' (the Group) sustainability efforts within Malaysia from 1 January 2023 to 31 December 2023. The Group has provided relevant data spanning three (3) years, to illustrate our progress on key material areas.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

The Chief Executive Officer (CEO) sets the Group's strategic direction. Committing to the sustainability agenda ensures adequate resources, systems, and processes are in place to address sustainability issues.

To ensure the effective monitoring and implementation of sustainability initiatives, Mesiniaga has established a sustainability governance structure.

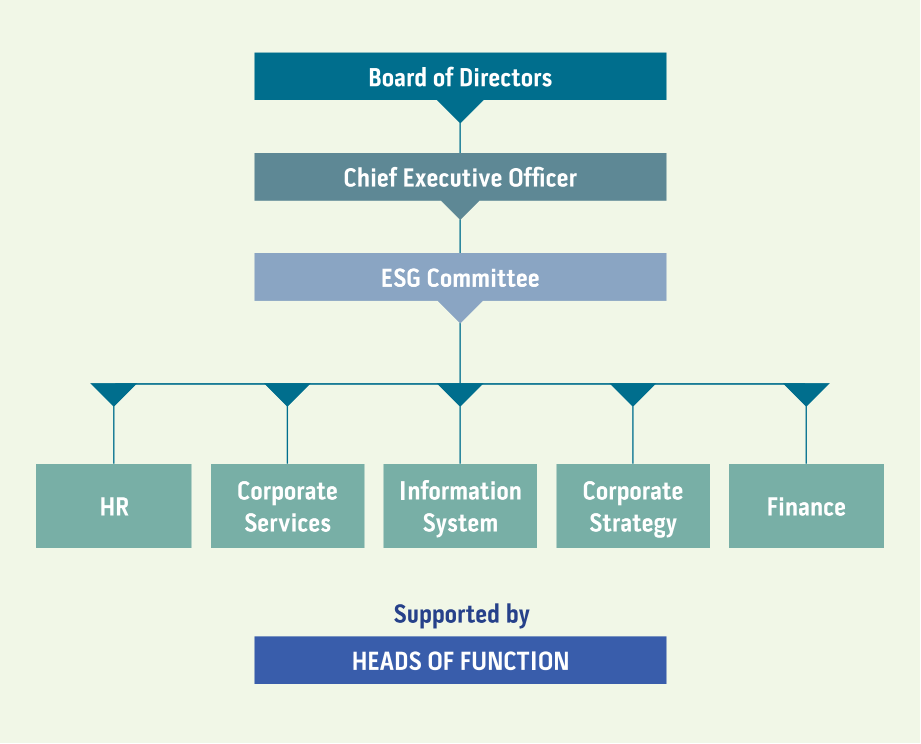


Figure 1: Mesiniaga ESG Structure

The ESG Committee (ESGC) is responsible for operationalising Mesiniaga's sustainability agenda. The Director of Corporate Strategy and Planning chairs it. The Committee plays a vital role in ensuring that the Group's sustainability goals are aligned with the overall business strategy and effectively implemented.

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

Board of Directors

- Reviews the strategies.
- Ensures the measures/initiatives are implemented following the strategies.

CEO

- Approves, oversees, and ensures the ESG strategies are aligned with the Group's business strategies and goals.
- Reviews the progress in sustainability initiatives implementation.

ESGC

- Develops the Group's sustainability strategies and initiatives in line with the ESG scope.
- Recommend plans and goals.
- Tracks progress against pre-defined sustainability plans and goals.
- Reports the progress of all sustainability initiatives to the CEO.
- Ensures that sustainability disclosure is in accordance with Bursa Malaysia's Listing Requirements.

Sustainability Statement

MATERIALITY ASSESSMENT

Achieving sustainability goals cannot be universally addressed with a one-size-fits-all approach, as each company operates on a different scale and within diverse industries, facing distinct sustainability-related risks and opportunities. Being a provider of IT services, Mesiniaga engages in designing and implementing IT solutions, integrating hardware and software from suppliers, and delivering after-sales services to customers. The Group's sustainability agenda is closely aligned with its core business and the unique challenges and opportunities within the IT sector.

Mesiniaga evaluates its impact on ESG factors by drawing on diverse sources of references. This involves aligning with key themes from the Bursa Sustainability Reporting Guide (3rd Edition) that resonate with our industry, product lines, and operational regions. Additionally, we benchmark against disclosures from peers within our industry to ensure a comprehensive understanding of material ESG matters.

Mesiniaga's sustainability strategy is anchored by an annual materiality assessment designed to identify emerging issues compared to the previous year. This process involves collecting operational data, evaluating the significance of identified matters, and pinpointing the most critical issues for the Group and its stakeholders. This meticulous approach ensures our sustainability efforts remain focused on the areas of most significant relevance and impact for our organisation and its stakeholders.

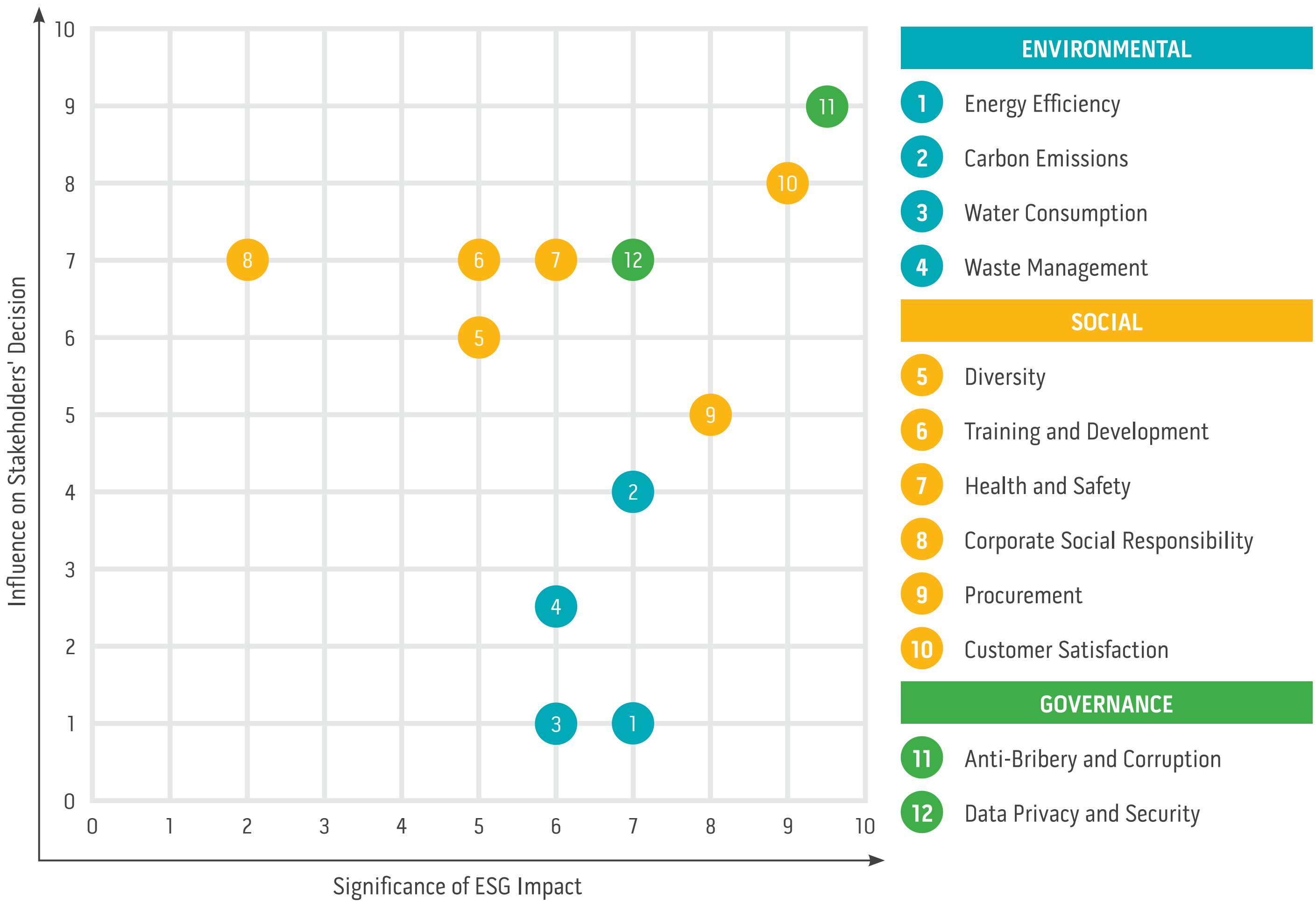


Figure 2: Mesiniaga Berhad's Materiality Map

Sustainability Statement

Menara Mesiniaga is an iconic building located in the city of Subang Jaya, Selangor Darul Ehsan. It was designed by the famous Malaysian architect Dr. Ken Yeang and completed in 1992. The building is renowned for its innovative and forward-thinking approach to sustainable and eco-friendly design.

Some key aspects of the "green building" concept and bioclimatic design:

i. Bioclimatic Design: Menara Mesiniaga's design considers the local climate and environmental conditions. The goal is to create a building that works with the natural elements rather than against them.

ii. Energy Conservation: The building incorporates various features aimed at reducing energy consumption. These include passive design elements that best use natural resources like sunlight and wind for heating, cooling, and lighting.

iii. Solar Shading: The building employs solar shading features such as external louvres and sunscreens. These features block or diffuse sunlight, reducing the need for artificial cooling.

iv. Natural Lighting: Ample natural light is a crucial aspect of sustainable architecture. Menara Mesiniaga maximises natural lighting by using large windows and strategically placed openings, reducing the need for artificial lighting during the daytime.

v. Occupant Comfort: The design aims to provide occupants with a comfortable and healthy indoor environment. This includes factors like natural ventilation and thermal comfort.

Menara Mesiniaga is a pioneering example of environmentally conscious design and a testament to the enduring importance of sustainable architecture.

1.0 Energy Efficiency

Energy efficiency is the use of less energy to accomplish a specific task or achieve a desired outcome. It involves reducing energy waste and making the most out of the energy resources available. Energy efficiency is critical in sustainability, environmental conservation, and cost savings.

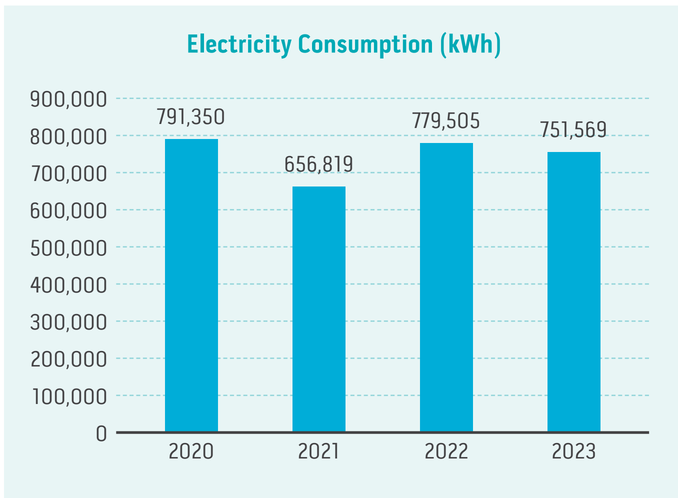


Figure 3: Electricity Consumption in kWh from Y2020 to Y2023

Sustainability Statement

Energy-saving Initiatives

Mesiniaga has embarked on many initiatives to reduce our energy consumption. The table below lists our ongoing initiatives:

Use energy-efficient appliances	Replace all incandescent bulbs with energy-efficient LEDs, which last longer and consume significantly less electricity. Replace outdated split air conditioners with high energy efficiency models.
Turn off lights when not in use	Remind employees to turn off lights in unoccupied areas.
Unplug unused electronic devices	Many electronic devices consume power even when turned off. Encourage employees to unplug chargers, computers, and other devices when not in use.
Regular maintenance	Ensure ventilation and air conditioning systems operate efficiently by regular maintenance and servicing.
Encourage work remotely	Allow employees to work remotely to reduce the number of people in the office and lower energy consumption.
Educate employees	Provide reminders to employees through e-mails or posters about energy-saving practices and encourage them to be mindful of their energy use.

2.0 Carbon Emissions

Carbon emissions refer to the release of carbon dioxide (CO_2) and other greenhouse gases into the atmosphere. These emissions are primarily a result of human activities, such as burning fossil fuels (like coal, oil, and natural gas), industrial processes, deforestation, and various agricultural practices. The accumulation of these gases in the atmosphere significantly contributes to global climate change, leading to rising temperatures, rising sea levels, and other environmental consequences.

The Group's carbon footprint stems from activities and processes within our operations. The main contributors to our carbon emissions include energy use in daily office functions and employees' travel and commuting, encompassing business-related air or road trips.

To monitor our carbon footprint, we have adopted Alibaba Cloud – Sustainability Cloud, a platform offering digital solutions for measuring and analysing carbon emissions from our operations and products, adhering to the Greenhouse Gas (GHG) Protocol's international standards. Currently, we are tracking Scope 2 GHG emissions linked to our electricity consumption. Beginning in 2024, we will expand our efforts to include data collection and monitoring of Scope 3 emissions.

Year	Total Carbon Emission (tCO_2e)	Electricity Consumption (kWh)
2020	312.05	791,350
2021	266.48	656,819
2022	316.25	779,505
2023	304.91	751,569

Figure 4: Scope 2: Purchased energy indirect GHG emissions by Mesiniaga from Y2020 to Y2023

3.0 Water Consumption

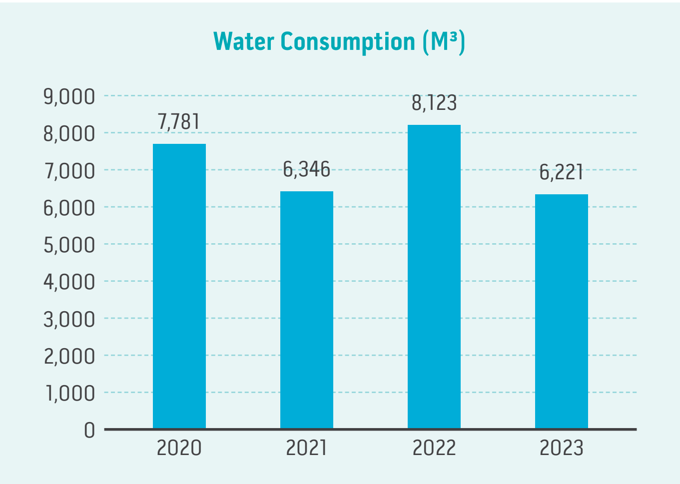


Figure 5: Water Consumption in (M³) from Y2020 to Y2023

Efficient water management is crucial for conserving this valuable resource and reducing environmental impact. The Group actively seeks to reduce water consumption by taking the following initiatives:

Reduce water leakage through regular maintenance	Water leaks can be a significant source of water wastage. Regular maintenance and inspections help identify and repair leaks promptly, preventing unnecessary water loss.

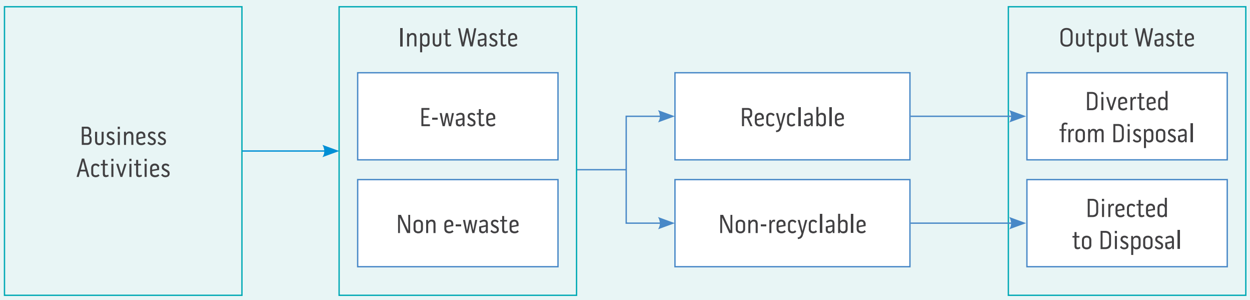
Sustainability Statement

Increase the number of containers to collect and reuse rainwater	Implement rainwater harvesting systems to capture rainwater for non-potable uses such as irrigation and cleaning. This reduces the demand for freshwater.
Educate employees	Raise awareness among employees about the importance of water conservation and encourage responsible water usage practices.

4.0 Waste Management

Effective waste management is pivotal in tackling the environmental issues related to waste generation and disposal; it is crucial for fostering a healthier, sustainable future. The Group upholds robust systems for collecting, recycling, and disposing of all waste types, encompassing electronic and non-electronic wastes.

Waste Management Flow Chart



Notes:
i. E-waste : Internal used IT related equipments, including notebooks, servers, network switches, external hard disks, monitors, etc.
ii. Non e-waste : Internal used of papers, plastics, boxes, cans, rubbish, etc.

E-waste, which includes electronic devices and equipment that have reached the end of their life cycles, can contain hazardous materials and should be handled and disposed of properly to protect the environment and public health. The Group uses appointed licensed contractors to ensure full compliance with government regulations in the disposal of e-waste.

Non e-waste includes any waste or refuse that is not electronic or electrical. It encompasses various materials, items, and substances unrelated to electronic devices or equipment. In September 2023, the Group initiated tracking and quantifying non e-waste, predominantly comprising general waste generated during office hours. This initiative provides valuable insights into waste generation trends, enabling us to continuously monitor and track non e-waste generation and identify areas needing further attention or intervention. The Group is committed to monitoring and reporting on non e-waste components.

Sustainability Statement

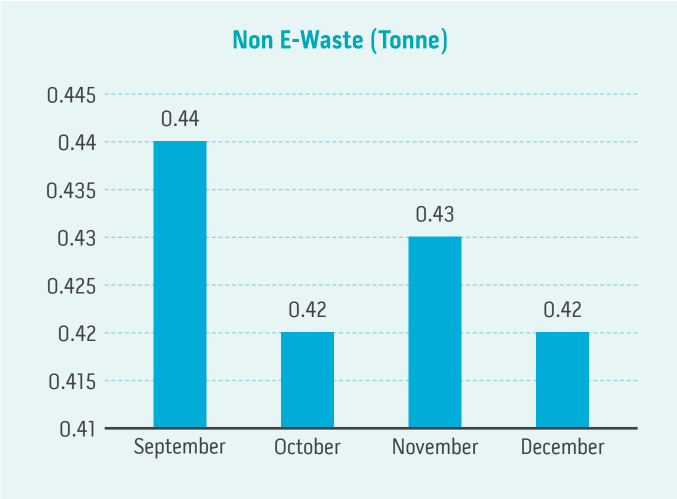


Figure 6: Total non e-waste weighed at Mesiniaga from September 2023 to November 2023

Recycling

Recycling plays a vital role in minimising waste and mitigating environmental harm. Our efforts in gathering recyclables like paper, cardboard, plastics, e-waste, aluminium, and bottles underscore our commitment to sustainable and environmentally conscious waste management practices. The Group has implemented several initiatives within our facilities to bolster this approach, including:-

Recycling Campaign	Conduct a recycling campaign every quarter. Recycling bins are placed on the lower ground floor of the building.
Educate and Raise Awareness	Educate employees about the importance of recycling and its environmental benefits through e-mails and posters.

We sell our recyclables to a waste management company. This contributes to environmental sustainability while adhering to responsible waste management practices.

Paper Consumption

In 2023, we are diligently monitoring paper consumption by department to pinpoint areas for efficiency enhancements and promote mindful use of paper. Several strategies have been enacted to lower paper consumption across the Board.

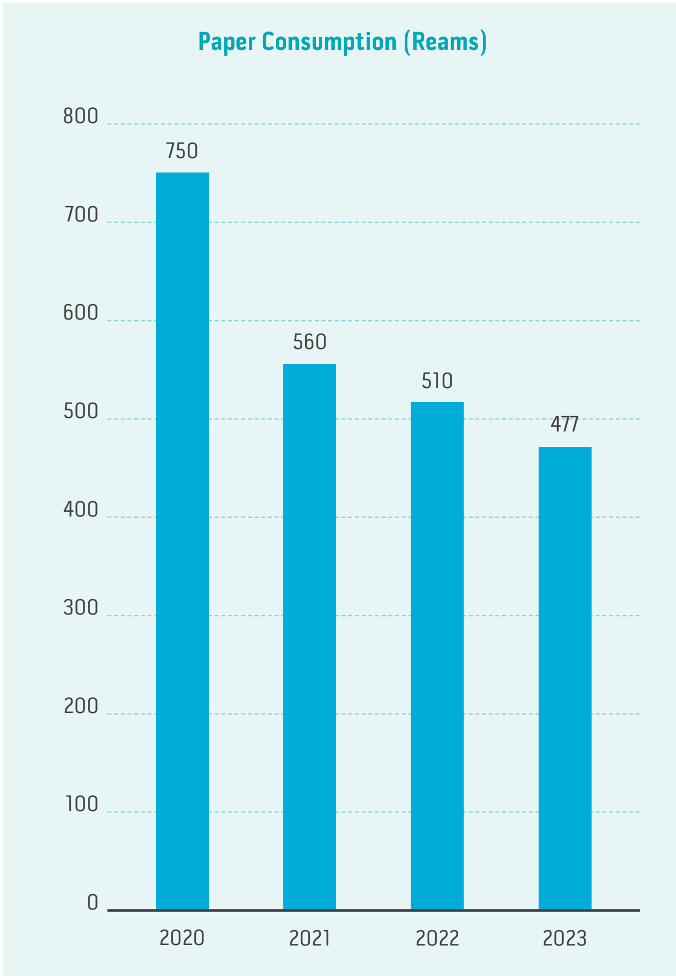


Figure 7: Paper Consumption by reams from Y2020 to Y2023

Sustainability Statement

Digital Documentation	▪ **Go Paperless:** Use digital formats for correspondence and documents whenever possible. ▪ **Electronic Signatures:** Use e-signature tools to sign and send documents electronically. ▪ **Cloud Storage:** Store files and documents in the cloud or on a network server to eliminate the need for distributing physical copies.
Print Management	▪ **Print Only When Necessary:** Encourage employees to print documents only when essential. ▪ **Duplex Printing:** Set printers to print on both sides of the paper (duplex mode) to reduce paper usage. ▪ **Print Preview:** Use print preview to ensure only necessary pages are printed.
Reduce Paper Communications	▪ **E-mail and Messaging:** Replace paper memos and notices with e-mail or instant messaging. ▪ **Online Meetings:** Hold virtual meetings instead of distributing printed materials. ▪ **Internal Communication:** Use digital bulletin boards or shared online platforms for office communication.
Use Recycled Paper	▪ Reuse one-sided printed documents as scratch paper.
Educate and Encourage	▪ Conduct awareness campaigns to promote the benefits of reducing paper usage.

Environmental Initiative

Biodiversity conservation is crucial for maintaining the health and balance of ecosystems and ensuring our planet's long-term sustainability.

We have carried out a tree-planting initiative with our employees to protect and preserve biodiversity. Mesiniaga participated in a Tree Planting Programme with the Global Environment Centre (GEC) on 26 October 2023 at Kuala Langat North Forest Reserve (KLNFR), Selangor. This event is part of Mesiniaga's CSR activities to support the Greening Malaysia agenda through the 100 Million Tree Planting campaign. This is the 2nd time Mesiniaga has participated in the GEC programme.

Sustainability Statement

1.0 Diversity in Workforce (without Northern Manufacturing Outsourcing)

In 2023, Mesiniaga made progress in fostering gender diversity across all job grades within our workforce. The composition of female employees increased from 31% in 2022 to 33% by December 2023.

Similarly, the representation of women increased within our Management and Executive Groups. The percentage of women in Management roles grew from 23% in 2022 to 28% in 2023, and in the Executive Group, it rose from 33% to 35% during the same period.

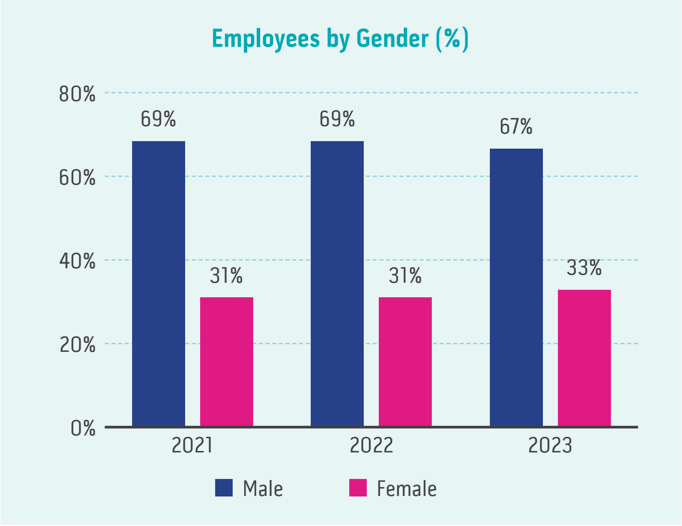


Figure 8: Employees by Gender

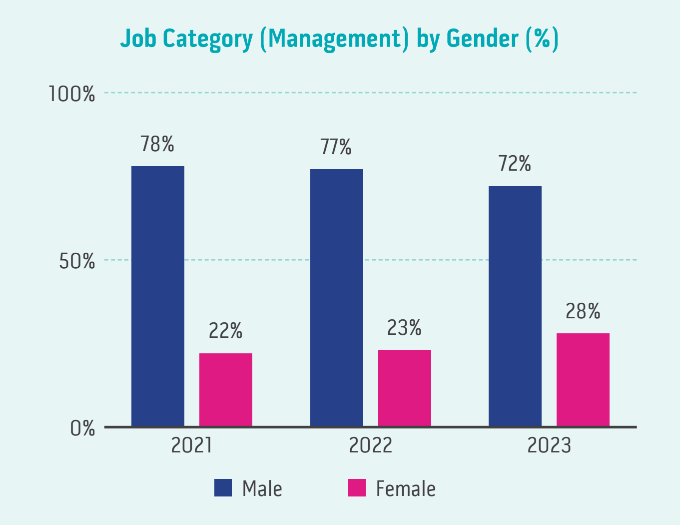


Figure 9: Job Category (Management) by Gender

Sustainability Statement

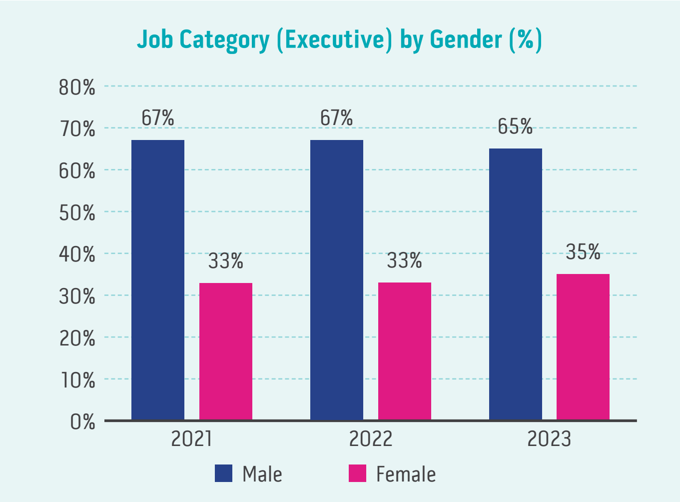


Figure 10: Job Category (Executive) by Gender

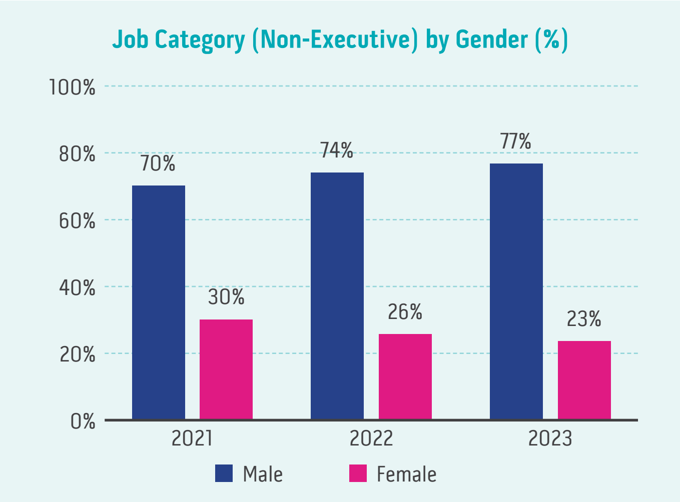


Figure 11: Job Category (Non-Executive) by Gender

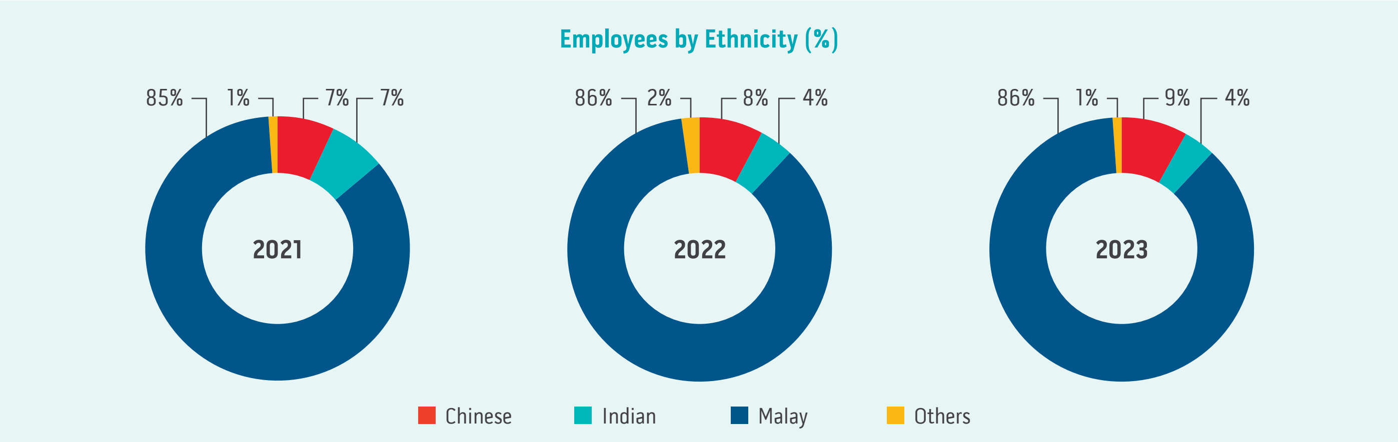


Figure 12: Employees by Ethnicity

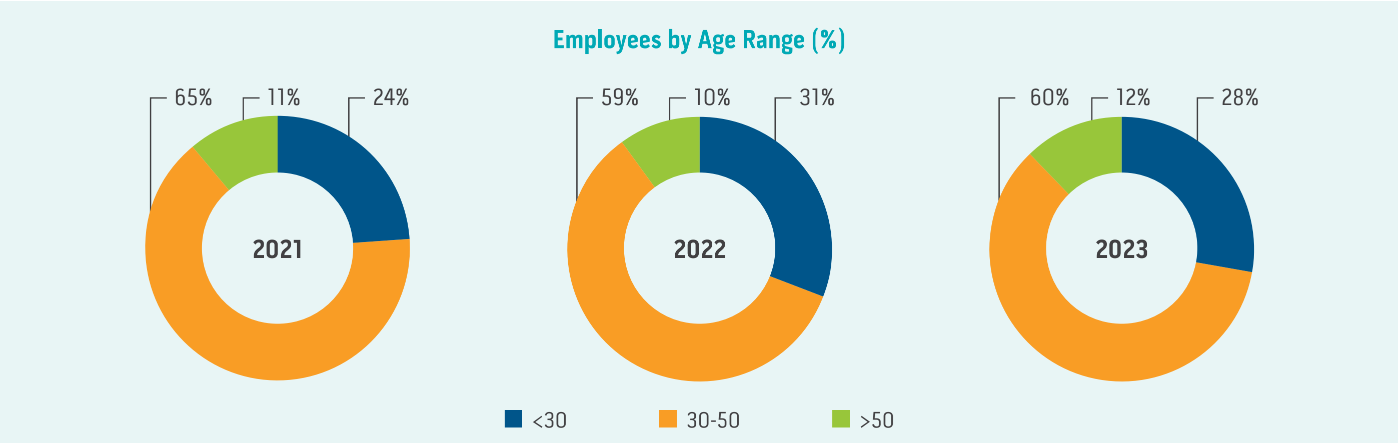


Figure 13: Employees by Age Range

The Company's employee ethnic composition remained stable across the three (3) years. The Company also saw minor shifts in all age ranges in 2023.

Sustainability Statement

2.0 Training and Development

Business needs strategically drove our 2023 training and development initiatives. Following a significant focus on technical upskilling in 2022, which was crucial in catching up after the disruptions caused by MCO and COVID-19, we maintained this momentum, particularly for the Executive Group in 2023. Out of the 3763 training hours logged in 2023, a substantial 2713 hours (72%) were dedicated to the Executive Group, reflecting our commitment to continuous professional development at this level.

In 2023, our Management Group received increased attention, leading to a rise in average training hours per manager from 9 in 2022 to 12. This enhanced training regime was geared towards developing critical competencies in people management and team leadership. We leveraged the Group's HRDF funds for our training investments across all categories, ensuring these resources were maximised for our workforce development. Overall, the average training hours per employee increased from 5.7 hours in 2022 to 6.4 hours in 2023, we will further set up employee training and development in 2024.

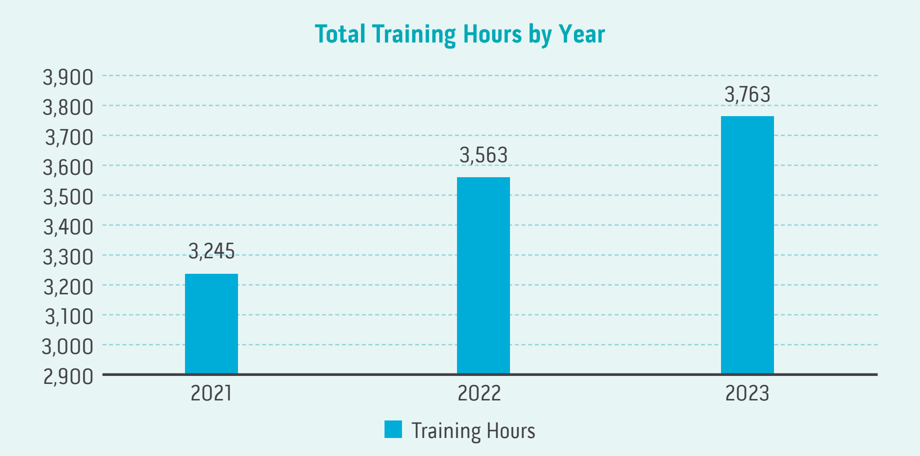


Figure 14: Total Training Hours by Year

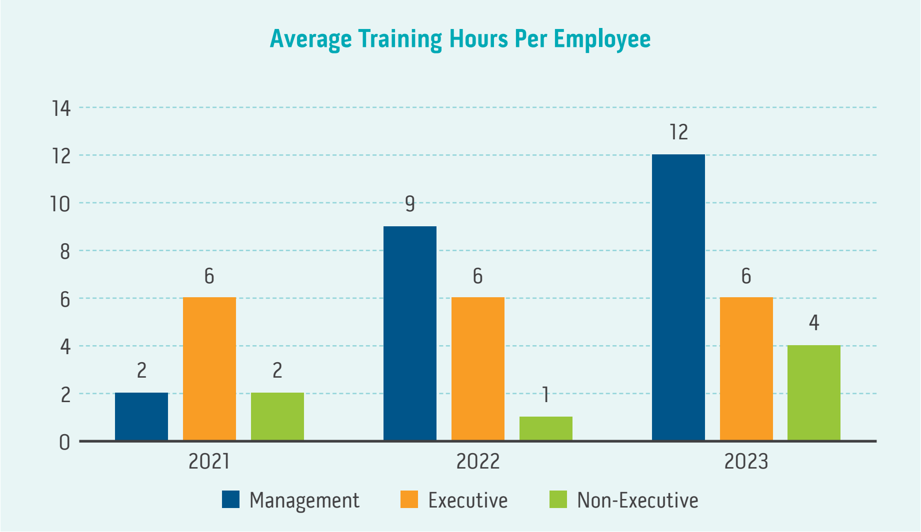


Figure 15: Average Training Hours Per Employee

3.0 Health and Safety

At Mesiniaga, we deeply value the well-being of our staff, understanding that a healthy team is the cornerstone of a thriving company. With this in mind, we offer the Executive Health Screening (EHS) program, designed to empower our staff, mainly those aged 35 and above, to take charge of their health. This program is a testament to our commitment to the proactive health management of our team.

By providing comprehensive health screenings, we not only help employees in the early detection of potential health issues but also offer them peace of mind and the ability to make informed decisions about their health and lifestyle. This proactive approach to wellness benefits the employees and contributes to a healthier, more productive work environment.

The coverage for the EHS is as follows:

- Every three (3) years, starting from 35 years old.
- Every two (2) years, starting from 50 years old.

Sustainability Statement

To foster holistic well-being among our employees, Mesiniaga organised two health-focused events in 2023:

- On 8 August 2023, in collaboration with healthcare professionals, we hosted a Health Screening Day at our premises. This event provided employees with onsite optical screenings and checks for chronic conditions such as hypertension, high cholesterol, pre-diabetes, diabetes, and obesity. Additionally, participants had the opportunity to receive onsite physiotherapy and ergonomic assessments, contributing to their overall physical wellness.

- On 19 August 2023, we partnered with the National Cancer Society Malaysia (NCSM) to conduct the PERKESO Health Screening Program at Menara Mesiniaga, specifically for our employees aged 40 and above. This important event included cancer screenings, catering to both male and female staff, and underlined our commitment to early detection and prevention of severe health issues.

On the business front, employees are sent to safety courses conducted by the Construction Industry Development Board (CIDB) and the National Institute of Occupational Safety and Health (NIOSH) to ensure they get the proper safety training and certifications before entering specific project worksites.

Figure 16: Employee Safety Training 2021 - 2023

The Company recorded zero work-related fatalities and lost incident rate in all three (3) years.

4.0 Corporate Social Responsibility

Our commitment to social responsibility and positively impacting the communities where we operate is a core tenet of Mesiniaga's values as a responsible corporate citizen. In 2023, we reinforced this commitment by sponsoring 21 therapy sessions for five (5) children from B40 families under the care of Pertubuhan Kesedaran Autism KL, held at Subang Jaya Medical Centre. This effort reflects our dedication to supporting organisations that have a direct, positive impact on specific beneficiaries.

Furthermore, Mesiniaga collaborated with Takaful Malaysia and Pusat Darah Negara (PDN) to conduct a Blood Donation Drive. This initiative encouraged our eligible employees to participate in lifesaving blood donation efforts, benefiting those in critical need.

Additionally, in partnership with the Prostate Cancer Society Malaysia (PCSM) and the National Cancer Society Malaysia (NCSM), we organised Prostate Cancer Screening event at Menara Mesiniaga. This initiative was mainly aimed at male residents in Subang Jaya, showcasing our commitment to addressing specific health needs in the community.

Sustainability Statement

The Group conducted several employee and community activities via its social employee club, Kelab Islah dan Amal Mesiniaga (KIAM).

Activity Name	Details of Activity
Contribution to the Darul Mahabbah Mosque Development Endowment	Contributed RM2,000 in financial assistance for the mosque's construction.
Foodbank Contribution	For Mesiniaga staff, totalling 31 individuals, the B40 group comprises 30 underprivileged families in PPR Lembah Subang. The items contributed mainly basic food needs.
Donation to the Gaza Aid Fund	Contributed RM3,915 to aid for Palestine through Muslim Care Malaysia and Emergency Aid Al Musta'an.
Ihsan Contribution	▪ Donated to three families of our employees to relieve medical expenses. ▪ Extended support to two staff members during family bereavement. ▪ Provided school readiness assistance to six employees, easing the burden for their children as they enter school.
Sharing Session: Pagari Harta dengan Zakat	Held an awareness session on Zakat for the community in collaboration with Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP) and Ahlan Academy.

5.0 Supply Chain Management

Procurement

Mesiniaga's commitment to supporting local suppliers is a vital part of our strategy, ensuring the availability of goods and services while aligning with our environmental and community engagement goals.

As a reseller and implementer of foreign products without local equivalents, we prioritise partnering with local distributors in Malaysia, streamlining our logistics and bolstering local businesses. This approach provides substantial benefits for both Mesiniaga and our local partners.

Purchasing through local distributors shields us from foreign exchange fluctuations and offers more favourable credit terms, enhancing our cash flow. Additionally, these partnerships include warehousing services, reducing our need for large storage facilities and facilitating timely product delivery to our customers. The market insights we gain from these local distributors are crucial, helping us make strategic, informed decisions.

For the local distributors, working with Mesiniaga means a steady stream of business and the benefits of economies of scale. This mutually beneficial relationship elevates our operational effectiveness and drives growth and success for both parties in the Malaysian market. By doing so, we contribute positively to the local economy, reinforcing our commitment to broader ESG goals and the well-being of the communities we serve.

Sustainability Statement

Figure 17: Total Spend on Suppliers

Customer Satisfaction

The Group acknowledges that customers are the primary stakeholders, and their satisfaction is paramount to the Group's sustainability. Guided by the mission of "Helping Customers Succeed," the Group is dedicated to designing and implementing IT solutions that yield the highest return on investment for customers.

The Customer Satisfaction Management Department (CSM), operating under the direct supervision of the CEO, holds a key position in our organisation. Its primary responsibility is ensuring outstanding service delivery and swiftly resolving customer-related issues. The CSM conducts yearly visits to collect customer feedback and record any concerns. Additionally, we actively invite our customers to provide direct feedback through e-mail, which the CSM team diligently manages and addresses, ensuring all customer feedback is thoroughly considered and acted upon.

The key performance indicator for customer satisfaction within the Group is the Customer Satisfaction Index (CSI), collected annually and integrated into management performance evaluation. The Group's unwavering focus on customer satisfaction has resulted in continuous improvement in the CSI over the years, and constant efforts are made to enhance the overall customer experience further.

Figure 18: Customer Satisfaction Index

Remuneration and Rewards

Mesiniaga is dedicated to cultivating a high-performance culture through the ongoing development and nurturing of our talent. This commitment is vital to maintaining a competitive total remuneration package and is essential for attracting and retaining top-tier talent.

An integral part of our annual Company Kick-Off is the employee recognition segment, where we honour those who have demonstrated exemplary work performance. This segment features two prestigious award categories: the Gold Award and the Hundred Percent Club (HPC) Award. In 2023, the HPC Award recipients were recognised with an exclusive, all-expenses-paid trip to Perth, Australia.

Sustainability Statement

Employee Turnover Rate

The total turnover rate for the Group in 2023 is 28%, a 4% increase from 2022. From that total, the breakdown by job category is 5% for Sales and Non-Technical, followed by 6% for Management and 84% for the Technical category.

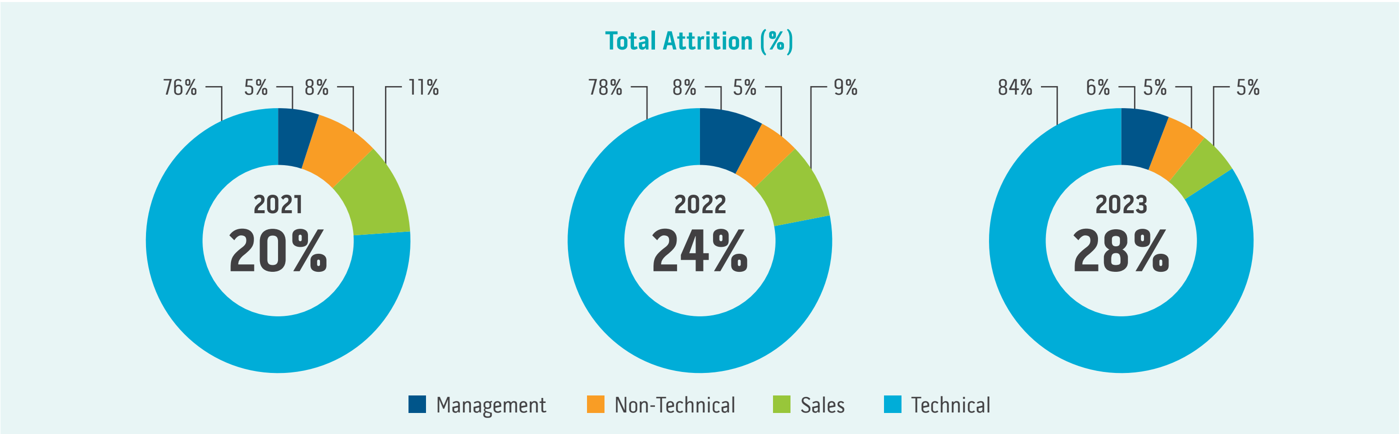


Figure 19: Total Attrition

Employee turnover in the Management and Sales categories decreased in 2023 compared to 2022. The percentage of movement for Management decreased from 8% in 2022 to 6% in 2023. In the Sales category, the percentage of movement decreased from 9% in 2022 to 5% in 2023. Meanwhile, the percentage of movement for the Non-Technical category remained unchanged in 2023 compared to 2022, where it remained at 5%.

However, as the demand for IT skillsets and capabilities continues to rise in 2023 from within the IT industry and other industries such as banking, we continue to be impacted. As a result, we saw a higher employee movement out for the Technical category from 78% in 2022 to 84% in 2023.

Mesiniaga has decided to discontinue our end-user computing maintenance business in line with our strategic shift towards higher-value services. This move has reduced our field engineering team, aligning our workforce with our business's new direction. In addition, the general surge in demand for IT skills across various sectors presents a retention challenge for technical staff. Mesiniaga is committed to refining our retention strategies to effectively address this challenge.

Permanent vs Contract Employees

In aligning our human resources with business goals, we have tailored our workforce to meet market demands, maintaining a dynamic balance between permanent and contract roles. This strategy ensures our agility and efficiency. Over the past three (3) years, contract staff have constituted about 44% of our team, showcasing our adaptability and commitment to operational flexibility. This blend not only supports our business scalability but also positions us to swiftly respond to industry shifts, underpinning our competitive advantage and enhancing shareholder value.

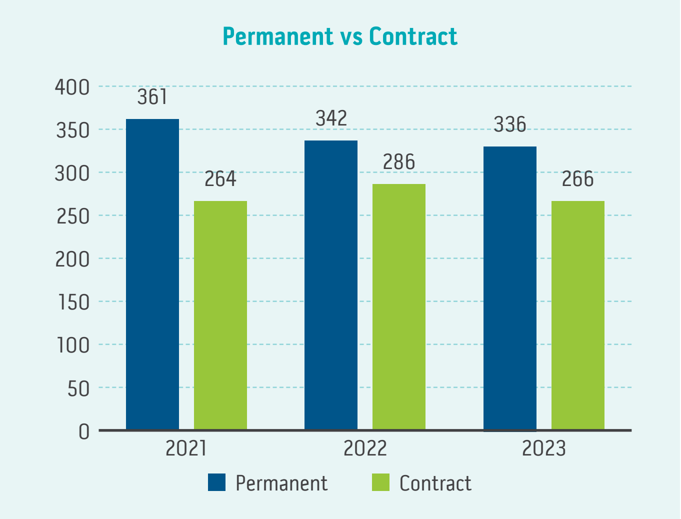


Figure 20: Permanent vs Contract

At present, we have no reports of any incidents of human rights violations in all three (3) years.

Sustainability Statement

1.0 Anti-Bribery and Corruption (ABC)

The Group firmly believes in operating its businesses based on high integrity, transparency, ethics, and accountability standards and is against corruption in all its forms. The Group's Corporate Governance stance observes ethical conduct and practices in compliance with all regulatory requirements. We have zero tolerance towards unethical, illegal and corrupt work malpractices and are committed to professionalism, fairness and ethical business dealings.

Anti-corruption is a key message the CEO addresses at all Group events. The Corporate Communication Department sends monthly e-mail reminders to enhance employees' understanding of the Group Policy, the Anti-Corruption Act and the importance of staying away from corruption.

To ensure all employees, vendors, and business partners are committed to complying with this practice, formal communications have been established on policies and processes, and these are made available and accessible on the Company's website. Such policies and procedures include:

- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Vendor Code of Conduct
- Business Conduct and Guidelines

In addition, the following mitigation measures are taken:

- Evaluate the policies and processes to identify and execute continuous improvement in improving the ABC and associated policies and procedures.
- Consistently educate and inform the stakeholders about the Group's policies through the corporate website, training sessions, and induction programmes.
- Compliance monitoring on ABC policy/MACC Act empower through review and assessment. Our Internal Audit conducts review and assesses ABC related practices to ensure compliance with the ABC policies and procedures. The matters are regularly reported to the Audit and Risk Management Committee and Board of Directors.
- Conduct periodic corruption risk assessments of our control for the financial year under review through Human Resources.
- As part of its onboarding process, the Human Resources Department briefs all new employees on the Group's Anti-Bribery and Corruption Policy and Whistleblowing policies. This ensures that the new employees are aware of the Group's stand against corruption at all levels of its operations and know how to report corruption activities.

For 2023, the Group conducted an anti-corruption awareness training and quiz for all its employees. Overall, 99.9% of the employees participated.

Sustainability Statement

The breakdown of the attendance is as follows:

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

Internal Audit on Anti-Bribery and Corruption (ABC)

Our Internal Audit has performed an audit on to assess the adequacy and effectiveness of process controls implemented to address bribery and corruption risks. The business areas covered were: Procurement, Human Resources, Process and Information Office (PIO), Finance, Corporate Communications, Pre-sales and Proposal Management. The result was satisfactory and reported to the Audit and Risk Management Committee (ARMC) and the Board.

2.0 Data Privacy and Security

Protecting our stakeholders' data privacy and security is paramount in today's digital age, made more challenging by rapid technological advancements and interconnected systems. Recognising the vital role of trust, we are acutely aware of our responsibility to securely manage the sensitive information entrusted to us.

In 2023, the Group enhanced our commitment to data protection by introducing a comprehensive employees' Personal Data Protection Notice. This initiative is in strict compliance with the Personal Data Protection Act 2010. The notice educated our employees about their rights regarding the personal data Mesiniaga collects, processes, and stores, reinforcing our dedication to upholding the highest data privacy standards.

Safeguarding Employee's Data

Key Components of our Data Governance Framework:

- **Transparent Data Collection**
  Uphold transparency in our data collection practices, ensuring employees are well-informed about the types of personal data collected, including sensitive information.

- **Voluntary and Explicit Consent**
  Prioritise employees' voluntary provision of personal data and explicitly seek consent, mainly when dealing with sensitive personal data related to health, beliefs, and legal matters.

- **Purposeful Processing**
  Personal data is processed solely for legitimate and specified employment-related purposes, ranging from contractual obligations to payroll processing and compliance with regulatory requirements.

- **Confidentiality and Limited Disclosure**
  Ensures the confidentiality of personal data and limits its disclosure to third (3rd) parties only when necessary, always in compliance with legal and regulatory standards.

- **Security Measures and Data Retention**
  Robust security measures are implemented to safeguard personal data from unauthorised access, loss, or misuse. Our commitment to security includes multi-layered protocols such as encryption, access controls, and regular security audits, addressing vulnerabilities promptly.

Safeguarding Customer Trust

At Mesiniaga, we hold the privacy and security of our customers' data and information as fundamental tenets of our business ethics. In our unwavering commitment to safeguarding customer trust, we implemented a robust set of practices to ensure the confidentiality of the data and information entrusted to us.

- **Non-Disclosure Agreement (NDA)**
  Implementing a stringent Non-Disclosure Agreement with our employees is central to our data protection strategy. This legal commitment underscores the importance of maintaining utmost confidentiality, emphasising each team member's responsibility in protecting our valued customers' sensitive information.

- **Minimum Personal Data Collection**
  In adherence to privacy principles, we practise collecting the minimum amount of personal data necessary for customer interactions. This approach respects customer privacy and aligns with our commitment to ethical data handling.

- **Secure Storage with Need-Based Access Controls**
  Customer data is securely stored in dedicated systems with access controls implemented on a need-to-know basis. Our stringent access control measures guarantee that only authorised personnel can access specific customer information, reinforcing our commitment to limiting data exposure.

- **Encrypted Storage on Employee Notebooks**
  To further enhance the security of customer data, we mandate that any customer information stored on employee notebooks must be within an encrypted hard disk partition. Moreover, our policy dictates the reformatting of hard disks before the transfer of notebooks to other employees, ensuring a clean slate and eliminating any residual customer data.

The Group's commitment to data protection goes beyond compliance; it is an integral part of our sustainability ethos. By implementing stringent measures, from legal agreements and classification protocols to secure storage practices, we affirm our dedication to preserving customer trust. These practices align with regulatory standards and reflect our values as responsible custodians of the data entrusted to us, fostering a sustainable and trusted relationship with our customers.

The increasing sophistication of cyber threats requires a proactive approach to data security. We continued to invest in state-of-the-art technologies throughout the past year and implemented stringent security measures to fortify our infrastructure. Our multi-layered security protocols encompass encryption, access controls, and regular security audits to identify and address vulnerabilities promptly.

Recognising the pivotal role of our workforce in maintaining data security, we conducted ongoing training programs. These programs educated employees about the latest cyber threats and best practices, enhanced their awareness and stepped up vigilance against threats.

Mesiniaga has implemented a well-defined incident response plan. Our commitment to transparency ensures that affected stakeholders are promptly informed in the event of a data breach, allowing them to take necessary actions promptly.

We remain dedicated to continuously improving our data privacy and security practices going forward. Embracing emerging technologies, refining our protocols, and staying abreast of evolving threats will remain at the forefront of our strategy. Data privacy and security protection are not merely legal obligations but fundamental aspects of our ethical responsibility.

In 2023, there were zero incidents or complaints concerning employee or customer data breaches or data losses.

3.0 Assurance of Sustainability Statement

Assurance Undertaken

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement has been subjected to an internal review by the Company's internal auditors and has been approved by the Company's Audit and Risk Management Committee (ARMC).

Subject Matter

The subject matters covered by the interest review include the following indicators:

a. Energy efficiency
b. Carbon emissions
c. Water consumption
d. Waste management
e. Paper consumption
f. Diversity
g. Employee turnover
h. Training and development
i. Procurement
j. Customer satisfaction
k. Anti-Bribery and Corruption (ABC)

Scope

The boundary of the interest review includes all companies within the Group's financial control.

Corporate Governance Overview Statement

The Board of Mesiniaga Berhad acknowledges the significance of upholding a high standard of corporate governance within the Group. This commitment aims to protect stakeholders' interests, augment shareholder value, and ensure the Group's sustainability.

This Corporate Governance Overview Statement is issued following Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). Guidance for this Statement is derived from Practice Note 9 of the Main Market Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

Accompanying this Statement is the Corporate Governance Report in accordance with the format specified in paragraph 15.25(2) of the Main Market Listing Requirements. This Report elaborates on the application of the Group's corporate governance practices with reference to the Malaysian Code on Corporate Governance (MCCG) dated 28 April 2021.

The Corporate Governance Report can be accessed on the Group's website, www.mesiniaga.com.my, and is also available through announcements on the Bursa Malaysia website. Reviewing this statement alongside other declarations in the Annual Report, such as the Directors' Statement on Risk Management and Internal Control, Audit and Risk Management Committee Statement, and Sustainability Statement, is recommended.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Group has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2023, except for the following:-

- Practice 1.3 (The positions of Chairman and Chief Executive Officer to be held by different individuals);
- Practice 1.4 (The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee);
- Practice 4.4 (Performance evaluations of the Board and senior management include a review of the Board's and senior management's performance in addressing the Company's material sustainability risks and opportunities);
- Practice 5.2 (At least half of the Board comprises Independent Directors);
- Practice 8.2 (Remuneration component of the top five Senior Management members); and
- Practice 13.3 (Listed companies should leverage technology to facilitate:-
    - Voting, including voting in absentia; and
    - Remote shareholders' participation at general meetings).

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Providing Leadership in Meeting the Objectives and Goals of the Group

Our dedication to be the preferred "Malaysian IT Partner" persists through our unwavering commitment to Helping Customers Succeed. We commit to upholding the highest standard of good governance within the Group to surpass the expectations of all stakeholders, with particular focus on our shareholders. The Board of Directors (Board) firmly asserts that embracing and adhering to the highest levels of corporate governance is crucial for ensuring sustained performance and generating economic value for all stakeholders. The Group operates based on the following core values:-

Corporate Governance Overview Statement

i) Board of Directors

The Board collectively holds responsibility and accountability for the management, direction, and performance of the Group. Within the framework of prudent and effective controls, the Board provides leadership that facilitates the appropriate assessment and management of risks.

It bears the ultimate and overall responsibility for all aspects of the Group's affairs and ensures its business's proper and effective conduct. This includes establishing the Group's vision and strategic objectives, offering guidance and effective oversight of the management and stewardship of the Group's resources to achieve the envisioned goals.

The Board Charter, accessible on the Company's corporate website, guides the Board in fulfilling its duties and responsibilities including:-

a. Reviewing and adopting a strategic plan for the Group.
b. Overseeing the conduct of the Group's business to evaluate whether the Company is appropriately managed and promote sustainability.
c. Acting at all times with utmost good faith and integrity towards the Group in any transaction and responsibly in the exercising of its powers in discharging its duties.
d. Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.
e. Planning for succession, including appointing, training, fixing the compensation and, where appropriate, replacing Senior Management.
f. Reviewing the adequacy and the integrity of the Group's internal control and management information systems, ensuring regulatory compliance with the applicable laws, regulations, rules and directives.
g. Adhering to the Code of Ethics for Company Directors issued by the Companies Commissions of Malaysia. Supporting sound corporate governance and processes in setting standards and corporate values to promote integrity.
h. Acting in the best interest of the corporation. A director appointed to his position as a shareholder's representative must, in the event of any conflict between his duty to act in the best interest of the corporation and his duty to his nominator, he must not subordinate his duty to act in the best interest of the corporation to his nominator.
i. Maintaining a sound understanding of the business and keeping abreast of relevant developments.

Three (3) Board Committees support the Board, each delegated with specific responsibilities to comply with Listing Requirements. These committees are the Audit and Risk Management Committee (ARMC), Nomination and Remuneration Committee (NRC), and Investment Committee (IC).

ii) Executive Chairman

Datuk Wan Mohamed Fusil Bin Wan Mahmood serves as the Chairman of the Board, leading efforts to promote sound corporate governance practices, effective leadership, and overall board effectiveness.

Following a thorough assessment, the NRC, in collaboration with the Board, has determined that he is the most senior, experienced, and fitting member to assume leadership. The NRC affirms that the existing arrangement has not compromised the Board's objectivity or the Group's effective governance.

The Group recognises the virtues of having the positions of Chairman and Chief Executive Officer (CEO) held by two separate individuals and is currently planning to achieve the said objective. Until the conclusion of the exercise, the Chairman would continue to act in both capacities.

The Chairman has not been a member of any committees. However, he has been invited to attend the Audit and Risk Management Committee Meetings in his capacity as the CEO. Practice 1.4 of MCCG would automatically be applied once the action plan on separating the two positions of Chairman and CEO has been completed.

Corporate Governance Overview Statement

iii) Independent Non-Executive Directors

Independent Non-Executive Directors are crucial in offering impartial and objective perspectives, advice, and judgment. They actively contribute through their engagement in Board Committees and participation in the Board's deliberations and decision-making processes. The responsibilities of an Independent Non-Executive Director encompass the following key areas:-

a. Enhances the independence and objectivity of the Board's deliberations from the executive arm of the Group;
b. Mitigates any possible conflict of interest between the policy-making process and the day-to-day management of the Group;
c. Challenges constructively and contributes to the development of business strategies and direction of the Group;
d. Ensures the Board uses adequate systems and controls to safeguard the interests of the Group;
e. Ensures effective 'check and balance' in the proceedings of the Board; and
f. Monitors and provides an objective view of the performance of executive directors and management in meeting the agreed goals and objectives.

The Board composition adheres to the Listing Requirements of Bursa Malaysia which requiring a minimum of one-third of the Board to consist of Independent Directors. Nevertheless, the current composition of Independent Directors, which constitutes 43% of the Board, does not meet the stipulation outlined in Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG), which prescribes that at least half (50%) of the Board should comprise of Independent Directors. The three (3) Independent Non-Executive Directors have consistently demonstrated independence of judgment and ensured Board decisions were made objectively in the Group's best interests.

The Board recognises that the MCCG practice on an Independent Director's tenure should be, at most, a cumulative term of nine (9) years. The Board also recognises that the maximum period for an Independent Director under listing Requirements is 12 years, effective on or after 1 June 2023. Voon Seng Chuan has retained his position as an Independent Non-Executive Director for a cumulative term of ten (10) years. He would not offer himself for re-election at the forthcoming Annual General Meeting.

iv) Company Secretary

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

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

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

From time to time, the Board invites other persons to attend its meetings to assist the Board in fulfilling its duties.

Demarcation of Responsibilities between the Board, Board Committees and Management

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

Corporate Governance Overview Statement

In addition to scheduled meetings, the Board and Board Committees also convene special meetings when urgent and essential deliberations are required or decisions must be made between sessions planned.

During the year, the Board deliberated on business strategies and critical issues concerning the Group, including business plans, annual budget, financial results, and key performance indicators.

Throughout 2023, the Board of Directors met ten (10) times. The attendance of individual Directors for the meetings of the Board and Board Committees are outlined below:-

Board of Directors

Directors	Attendance
Datuk Wan Mohamed Fusil	10/10
Fathil Ismail	10/10
Voon Seng Chuan	10/10
Sim Hong Kee	10/10
Datuk Noor Azian Shaari	10/10
Dato' Darawati Hussain	10/10
Zaim Husni Omar	9/10

All the Board of Directors meetings except one were conducted physically at the Company's headquarters.

Audit and Risk Management Committee

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

Nomination and Remuneration Committee

Directors	Attendance
Voon Seng Chuan	3/3
Fathil Ismail	3/3
Sim Hong Kee	3/3

Investment Committee

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

Annual performance evaluations of the Board and Senior Management are conducted. Nevertheless, sustainability risks and opportunities are not specifically included in the current performance evaluations for Senior Management. A performance evaluation mechanism is currently under development to assess the effectiveness of the Senior Management in addressing the Company's material sustainability risks and opportunities.

Corporate Governance Overview Statement

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

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

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

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

Employees' concerns, whistleblowing or otherwise, may be raised via e-mails, telephone calls and letters to the Whistleblowing Committee consisting of the Audit Chairman, Independent Board member and the Head of Internal Audit and Risk. Employees are assured that confidentiality will be maintained at all times, and they will be protected.

Board Decision Making Process

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

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

The Board also recognises the need to enhance Board diversity, as it is essential to the effective functioning of the Board. The Board has attained diversification in experience, skills, expertise, competencies, ethnicity, gender diversity, and age to enable the Group to maximise its business and governance performance. The representation of the members of the Board as of 31 December 2023 is as follows:-

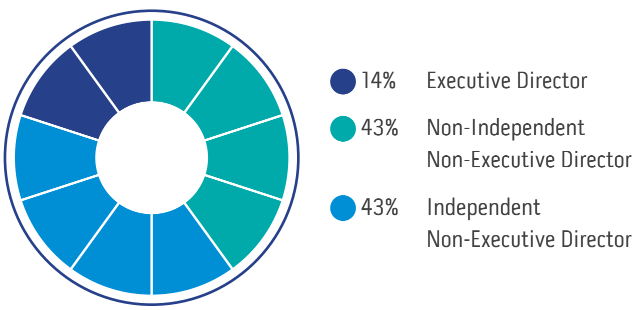


Figure 1: Composition Board

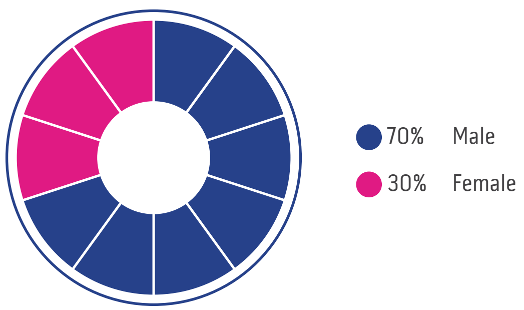


Figure 2: Directors' Gender Composition

Corporate Governance Overview Statement

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

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

The Board fully embraces gender diversity within the Group. As of 31 December 2023, 33% of the Group's employment strength is females. Females constitute 28% of total management.

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

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

Level and Composition of Remuneration

The NRC oversees the implementation of the policy and procedure on remuneration, including reviewing and recommending matters relating to the remuneration of the Board in general and, in particular, the remuneration of the Executive Director. Its Terms of Reference are stated on page 62 of this Annual Report.

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

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

The transparency and accountability aspects of corporate governance applicable to the Directors' remuneration are deemed appropriate. Detailed information on a named basis regarding the remuneration of each Director served by the disclosure below:-

No	Name	Directorship	Company ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD	Executive Chairman	-	-	665	-	-	208	873
2	VOON SENG CHUAN	Independent Non-Executive Director	66	17	-	-	-	-	83
3	FATHIL SULAIMAN BIN ISMAIL	Non-Independent Non-Executive Director	111	23	-	-	-	-	134

Corporate Governance Overview Statement

No	Name	Directorship	Company ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
4	SIM HONG KEE	Independent Non-Executive Director	72	20	-	-	-	-	92
5	DATUK NOOR AZIAN BINTI SHAARI	Independent Non-Executive Director	57	16	-	-	-	-	73
6	DATO' DARAWATI HUSSAIN	Non-Independent Non-Executive Director	69	19	-	-	-	-	88
7	ZAIM HUSNI BIN OMAR	Non-Independent Non-Executive Director	48	10	-	-	-	-	58

The Group believes that in this highly competitive industry, disclosing the remuneration of Senior Management could compromise the Group's confidentiality and retention efforts. Given the difficulties in recruiting and retaining Senior Management, remuneration remains a crucial factor in attracting and retaining top talent. The Group ensures that the remuneration offered to Senior Management aligns with the Company's performance while also considering the need to attract, retain and motivate Senior Management to lead and manage the Company effectively.

Directors' Training

All Board members have attended the Mandatory Accreditation Programme (MAP Part I) organised by Bursa Malaysia, focusing on a director's roles, duties, and liabilities. As of 31 December 2023, three (3) out of the seven (7) Board of Directors have participated in the Mandatory Accreditation Programme (MAP Part II) related to sustainability and the associated roles of a director. The remaining Directors will attend MAP Part II on or before 1 August 2025, as stipulated in the letter of Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements about Sustainability Training for Directors.

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

Financial and Accountancy	▪ MIA Annual Accountants' Conference 2023 ▪ PwC: Journey to E-Invoicing ▪ PwC: Transfer Pricing Rules 2023 ▪ Tricor Tax and 2024 Budget Seminar ▪ Discussing the Future of Board Talent in the Financial Services Industry ▪ AI and Financial ▪ 2023 Chairman's Dialogue: Financing the Digital Economy: Supporting the Madani Framework ▪ 14th BankTech Asia 2023: Sustainable Financing Conference ▪ Tax and Business Summit 2022 ▪ Venture Connect – Belanjawan Bersama VC ▪ MSFI Workshop – Measuring What Matters: A Deep Dive into Calculating Finances Emissions

Risk Management/ Internal Audit	▪ Stopping Scandals Before They Happen (Risk Culture Tone from The Top)" Institute of Enterprise Risk Practitioners ▪ IERP Qualified Risk Director Programme: - Series 1 - Board Risk Oversight Best Practices: A Strategic Approach - Series 2 - The Directors Guide to Driving Corporate Culture and ERM - Series 3 - Risk Appetite, Risk Tolerance and Risk Maturity Frameworks - Series 4 - The Directors Guide to Strategic ERM - Series 5 - Directors Guide to Emerging Risk and Black - Series 6 - The Directors Guide to the Role of Boards in Fraud Risk Management - Series 11 - Directors Guide to Machine Learning and AI - Series 12 - Directors Guide to Cybersecurity Oversight - Series 14 - Directors Guide to GRC and CCPT - Series 15 - Directors Guide to ESG and ESG Risk Management - Series 16 - Directors Guide to RMiT ▪ Gap Analysis for BNM Climate Risk Management & Scenario Analysis
Technology and Innovation	▪ ICDM Powertalk Sustainable Series: (re) Building the Board for Innovation ▪ ICDM PowerTalk: Advancing Cyber Resilience: Board's Top 3 Must-Knows ▪ ICDM Generative AI: An Opportunity or Risk ▪ Sustainability in the Digital Age ▪ BNM-FIDE Forum Dialogue: Cloud Requirements in RMiT Policy Document ▪ BNM-FIDE Forum Dialogue: Artificial Intelligence & Machine Learning Adoption Landscape ▪ Cyber Security Awareness Program ▪ The Wirecard Scandal - A Whistleblower's Perspective ▪ Webinar: Artificial Intelligence: "The Future is Now"
Environmental, Social, and Governance	▪ Navigating ESG Data into Decisions: ICDM ▪ ESG Briefing: PwC/Hong Leong Financial Group ▪ Anti-Bribery and Corruption Refresher Training: HLFG In-House ▪ ICDM (SC & Bursa Malaysia) Mandatory Accreditation Program Part II: Leading for Impact ▪ HLA In-House: AML/CFT: Evolving Challenges & Expectations in Regulatory Compliance ▪ ICDM Power Talk: Climate Change and Carbon Footprint: Getting the Right Financial Risk & Reporting Perspective ▪ Community of Practice Climate Change ▪ AmBank Group International ESG Conference 2023 ▪ 2nd Asian Economy Impact - Climate Change ▪ JC3 Journey to Zero Conference 2023 ▪ Through Diversity, Equity and Inclusion (DEI) ▪ National Climate Governance Summit 2023 ▪ Integrating Climate Change and Principles-Based Taxonomy (CCPT) in Financial Institutions' Business ▪ FIDE Forum (Empowering Change through Diversity, Equity & Inclusion "DEI")

Corporate Governance Overview Statement

Others	▪ FIDE Forum: Distinguished Board Leadership series: Can America Stop China's Rise? Will ASEAN be Damaged? ▪ ICDM: Managing Turnaround Situations for PLC ▪ BNM Annual Report 2022 BNM ▪ Empowering Change ▪ Institutions: Friends or Foe ▪ China-Malaysia Trade & Investment ▪ MAVCAP Accelerating Ventures - International Woman's Day Edition MAVCAP ▪ Talent Uprising - Management, Retention & Everything Else ▪ WIFE Face to Face on Space: The Final Business Frontier ▪ Ilham MAVCAP with YB Rafizi Ramli "Connect for Impact" ▪ ASB - Leading with Impact: Uniting, Empowering & Igniting ▪ LBS APAC: How are geopolitics shaping businesses in Asia? ▪ Three Generations of VC ▪ ICDM/WTW/Bursa Malaysia: BNRC Dialogue/Networking

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit and Risk Management Committee (ARMC) comprises three (3) members and is headed by Sim Hong Kee. He and Datuk Noor Azian are Independent Non-Executive Directors, while Dato' Darawati Hussain is categorised as a Non-Independent Non-Executive Director, she is able to consistently exercise independence as she is neither a management nor a nominee director.

None of the members of the ARMC are former audit partners of the Group's external auditors. However, if a former audit partner is to be appointed to the Committee, the ARMC would ensure that a three-year cooling-off period is observed before effecting such an appointment.

Sim Hong Kee is a Chartered Accountant and a member of the Malaysia Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). Dato' Darawati is a Chartered Financial Analyst. Though not having a financial background, Datuk Noor Azian has extensive experience in legal matters, providing the Committee with legal perspectives in audit, regulatory compliance and risk management matters. All members of the ARMC participated in various continuing professional developments to keep themselves abreast of relevant developments in accounting standards, practices, and applicable regulatory changes.

The ARMC assesses the external auditor's suitability, objectivity, and independence annually.

Mitigating and Managing Risk

An effective risk management and internal control framework has been established, and the features of the framework are as stated in the Statement of Risk Management and Internal Control on page 53 of this Annual Report. A synopsis of the key risk areas identified and monitored by the ARMC is stated in the Management Discussion and Analysis on page 08.

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

Corporate Governance Overview Statement

Effective Governance, Risk Management and Internal Control Framework

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

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

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

Communication with Stakeholders

The Group welcomes all shareholder queries, which could be channelled directly to the Chief Executive Officer (CEO) or through the Group's website, www.mesiniaga.com.my. The CEO updates the Group's performance through quarterly results announcements and occasionally responds to analysts' and shareholders' queries.

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

Conduct of Annual General Meeting

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

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

The Company has been holding its AGM at its premises since 1998. For the first time, the Company convened an entirely virtual AGM in 2021, where remote shareholders' participation was made possible. Since 2023, the Company has resumed holding its AGM physically, following updates to the regulations set by the Malaysian Government occasionally. Currently, the Group has no plans to implement absentia or remote participation for the Shareholders, but it may consider using these methods in the future if needed.

Statement of Directors' Responsibilities in Relation to Financial Statements

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

In preparing the financial statements of the Group for the year ended 31 December 2023, the Directors have:-

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

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

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

Statement on Risk Management and Internal Control

Introduction

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

In compliance with the provision of Bursa Malaysia Securities Berhad (BMSB) Listing Requirements Paragraph 15.26(b) updated as of June 2020 and Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers (Risk Management and Internal Control Guidance), the Board of Directors (Board) is pleased to present the Statement on Risk Management and Internal Control (SORMIC) which outlines the risk management framework and the internal control structure of the Group during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report for the Financial Year ended 31 December 2023.

Board Responsibility

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

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

Assurance Mechanism

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

Internal Audit

The Audit and Risk Department, which is responsible for the internal audit function of the Group, reports directly to the ARMC. The principal role of the Audit and Risk Department in relation to internal audit is to provide independent assurance and assessment of the effectiveness and soundness of internal control mechanisms and verify that they are in place.

The Audit and Risk Department adopts a risk-based approach in its audit plans and examination. It is guided by the International Professional Practices Framework (IPPF) issued by the Global Institute of Internal Auditors.

The Audit and Risk Department employs a risk-based methodology to develop the Annual Internal Audit Plan, taking into consideration inherent control and residual risks associated with every aspect of the operations and functions. Auditable entities undergo a ranking process based on their risk scores and audit cycles, encompassing operational activities, functional processes, and information technology systems.

Quarterly, the Department communicates its audit findings to Management, the Audit Risk and Management Committee and the Board. Furthermore, it oversees the implementation of corrective actions until issues are fully resolved, ensuring that control gaps and process improvements are effectively addressed. The ARMC formally reviews and approves the audit plan.

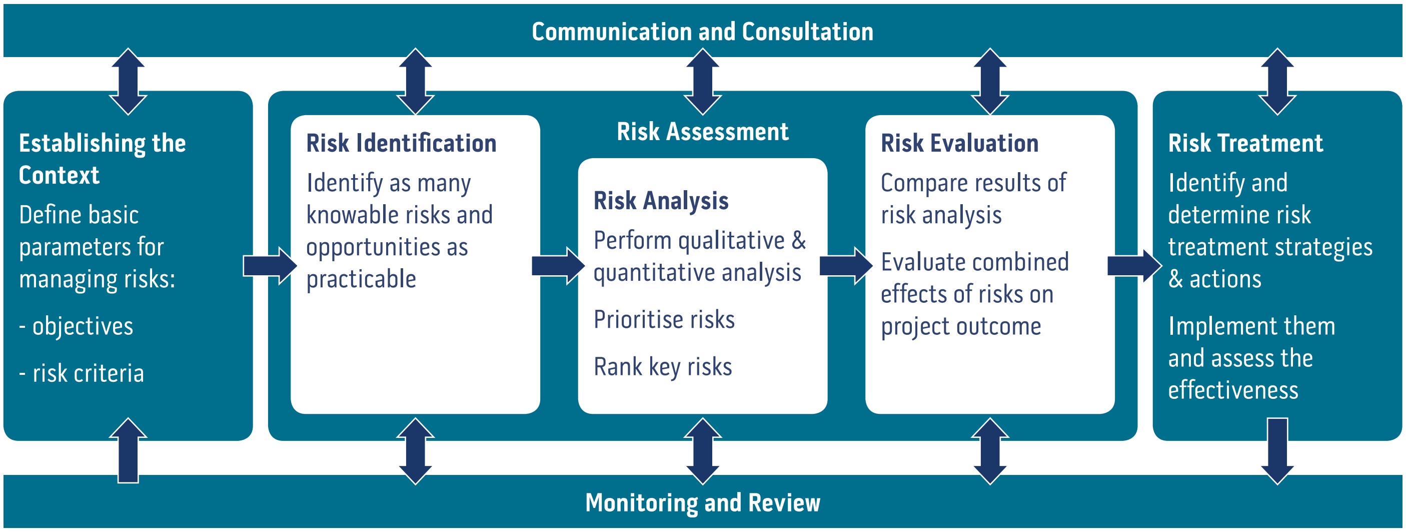
Risk Management

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

Statement on Risk Management and Internal Control

Guided by the ISO 31000:2009 Risk Management Principles and Guidelines, the Audit and Risk Department assures the Board of the adequacy and integrity of internal control within the Group through a proactive process involving identification, assessment, control, monitoring and reporting of risk exposures. The risk management programme is reviewed by the ARMC for and on behalf of the Board.

The Management determines the Group's level of risk tolerance. It actively identifies, assesses and monitors key business risks to safeguard shareholders' investments and the Group's assets and the ARMC reviews and where appropriate, challenges if there are gaps. Progress on risk management activities is coordinated and reported at every ARMC meeting in 2023 by the Head of Audit & Risk Department. The processes of risk management are illustrated below:-



A summary of the critical activities for the risk management process is shown in the table below:-

Process Activity		Description
Communication and Consultation		Stakeholders are educated on risk, decision-making, and necessary actions, with communication promoting awareness, consultation and obtaining feedback for informed decision-making.
Establishing the Context		Understand the department's objectives and define the external and internal environment within which the department operates.
Risk Identification	Assessment	Identify and describe uncertain events or risks that may hinder the department's objectives, using relevant, up-to-date information to identify sources, events, causes, and potential consequences.
Risk Analysis	Assessment	Comprehend the nature of the risk and determine the level of risk exposure. It involves consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness.
Risk Evaluation	Assessment	Understanding risk involves assessing uncertainties, sources, consequences, likelihood, events, scenarios, controls, and their effectiveness to determine exposure level.
Risk Treatment		The process involves deciding on and executing strategies to manage uncertain events, such as accepting, monitoring, sharing, avoiding, reducing threat impact, or optimising opportunities. The response should balance potential benefits against implementation costs, effort, or disadvantages.
Monitoring and Review		The task involves assessing the performance level, evaluating the effectiveness of risk management processes, controls, and treatments, and assessing the operating environment to identify any changes or emerging risks.

Statement on Risk Management and Internal Control

Internal Control

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

The control environment includes the following:-

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

All significant internal control recommendations by internal and external auditors are reported to the ARMC for review and deliberations. The ARMC oversaw the Management's implementation of remedial actions to safeguard the interests of the Group and maintain proper governance. Where deficiencies were identified, recommended procedures have been or are being put in place to strengthen controls. The ARMC focussed on the deficiencies reported, ensured the accuracy of the root causes and directed Management to take all steps necessary to correct the circumstances and conditions that had caused the deficiencies. This included specific remediation plans and follow-up actions to ensure deficiencies were satisfactorily addressed.

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

Quality Management System: ISO 9001:2015 Certification

SIRIM's auditor conducted the surveillance audit on 12 and 13 December 2023. Based on the audit, Mesiniaga Berhad retained its ISO 9001:2015 accreditation. The Audit and Risk Department also independently assessed the operations and procedures to ensure adherence to ISO 9001:2015 requirements.

Key members of the ISO team include the Head of Internal Audit and Risk, who serves as the Quality Manager, and the Internal Audit and Risk Executive appointed as the Designated Quality Manager. This certification is a testimony of the Group's commitment to having effective processes and trained staff in place to deliver high-quality products and services consistently.

Business Continuity Management

The Group continues to enhance relevant areas within the Business Continuity Management (BCM) framework. Considering the lessons learned from the COVID-19 epidemic, the Group is committed to evaluating the effectiveness of improved facilities and developing a strong Business Continuity Plan (BCP). The following are the main goals of this continuing effort:-

i. Ensure minimal interruption to Mesiniaga business during a disaster.
ii. Maintain continuity of customer service and support.

The Steering Committee and BCP Management maintain constant focus to ensure the organisation's preparedness against cyber threats. This ongoing initiative ensures that every employee is equipped to continue business operations support during an emergency declaration. Through simulation testing, the Steering Committee and BCP Management validated the effectiveness of the BCP. Consistent efforts will be made to enhance and fine-tune the BCP, utilising insights gained from these simulations.

Statement on Risk Management and Internal Control

Assurance from Management

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

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

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

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

Conclusion

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

The Board and ARMC ensure that Management has taken and maintained effective measures to mitigate the threat of cyber attack. They will remain vigilant and take additional steps necessary to minimise the cyber security risks and mitigate the impact on company operations.

Review of this Statement by External Auditors

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

This Statement was presented by the ARMC and approved by the Board on 29 March 2024.

BOARD OF DIRECTORS
MESINIAGA BERHAD

Audit and Risk Management Committee

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

The ARMC is pleased to present the ARMC report for the financial year ended 31 December 2023 in compliance with paragraph 15.15 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Code on Corporate Governance (the Code) April 2021.

COMPOSITION OF THE ARMC

The ARMC comprises the following members:-

Sim Hong Kee
Chairman, Independent Non-Executive Director

Datuk Noor Azian Shaari
Member, Independent Non-Executive Director

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

Mohd Shahrul Zamir Safaruddin
Secretary

NUMBER OF ARMC MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2023, the ARMC held a total of five (5) meetings. The details of the attendance of each ARMC member are as follows:-

Date	20.02.2023	23.03.2023	17.05.2023	10.08.2023	08.11.2023
Sim Hong Kee	✓	✓	✓	✓	✓
Datuk Noor Azian Shaari	✓	✓	✓	✓	✓
Dato' Darawati Hussain	✓	✓	✓	✓	✓

Audit and Risk Management Committee

TERMS OF REFERENCE FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE

PURPOSE

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

SIZE AND COMPOSITION

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

MEETINGS AND QUORUM

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

SECRETARY

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

Audit and Risk Management Committee

AUTHORITY

The ARMC is authorised by the Board to:-
i. Investigate any activity within its terms of reference;
ii. Seek any information it requires from the employees of Mesiniaga Berhad for the purpose of discharging its functions and responsibilities;
iii. Obtain legal or other independent professional advice;
iv. Ensure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
v. Have full and unrestricted access to any information and documents pertaining to Mesiniaga Berhad;
vi. Convene meetings with the Head of Internal Audit and Risk without the presence of the Senior Management staff whenever deemed necessary; and
vii. Meet with the External Auditor at least once (1) a year without the presence of the Senior Management Team and when necessary, without the Internal Audit staff to provide an avenue for the External Auditor to express any concerns, including areas related to their ability to perform work without restraint or interference.

DUTIES AND RESPONSIBILITIES

A. Audit Functions

1) Financial Reporting

To review the quarterly and annual financial statements of Mesiniaga Berhad for recommendation to the Board of Directors for release to Bursa Securities accordingly, with particular focus on:-
i. Changes in or implementation of accounting policies and practices;
ii. Significant adjustment arising from the audit;
iii. Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
iv. Going concern assumption; and
v. Compliance with accounting standards and other legal requirements.

2) Internal Audit

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

Audit and Risk Management Committee

3) External Audit

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

4) Internal Audit Department

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

5) Related Party Transaction

To review the related party transactions and conflict of interest situations within the Group if such transaction is transacted.

B. Risk Management Functions

1) Business Risk

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

2) Risk Management Framework

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

3) Risk Management Policy

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

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

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

REPORTING TO THE BOARD

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

ACCESS TO INFORMATION

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

REVIEW

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

AUDIT & RISK MANAGEMENT COST

The total costs incurred by Audit and Risk Management Department in 2023 amounted to RM269,958 against RM311,382 in 2022 comprising of mainly salaries, training and benefits.

Nomination and Remuneration Committee

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

The NRC is pleased to present the NRC report for the financial year ended 31 December 2023 in compliance with paragraph 15.08A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

COMPOSITION OF THE NRC

Voon Seng Chuan
Chairman, Independent Non-Executive Director

Fathil Ismail
Member, Non-Independent Non-Executive Director

Sim Hong Kee
Member, Independent Non-Executive Director

Rosmawati Haron
Secretary

NUMBER OF NRC MEETINGS AND DETAILS OF ATTENDANCE

Date	02.02.2023	20.02.2023	27.02.2023
Voon Seng Chuan	✓	✓	✓
Fathil Ismail	✓	✓	✓
Sim Hong Kee	✓	✓	✓

TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

PURPOSE

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

SIZE AND COMPOSITION

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

Nomination and Remuneration Committee

MEETINGS AND QUORUM

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

SECRETARY

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

AUTHORITY

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

DUTIES AND RESPONSIBILITIES

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

Other Information Required

By the Listing Requirements of Bursa Securities Malaysia Berhad

UTILISATION OF PROCEEDS

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

NON-AUDIT FEES

An amount of RM67,000 was paid for tax services provided by PwC Taxation Services Sdn. Bhd.

MATERIAL CONTRACTS

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

CONTRACTS RELATING TO LOAN

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

CONFLICT OF INTEREST

Unless otherwise disclosed, the Directors were not aware of any conflict of interest among the Directors with the Company, existing at the end of the financial year 2023.

EMPLOYEES SHARE OPTION SCHEME

The Company did not implement any employee share options scheme in the financial year 2023.

INTERNAL AUDIT EXPENSES

The costs incurred for the internal audit function in respect of FY2023 was RM269,958.

FINANCIAL STATEMENTS

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

DIRECTORS

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

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

In accordance with Article 106 of the Company's Constitution, Voon Seng Chuan is due for retirement and re-election at the forthcoming Annual General Meeting ("AGM") of the Company. Voon Seng Chuan has expressed his desire not to seek re-election and will retire at the close of this forthcoming AGM.

In accordance with Article 107 of the Company's Constitution, Sim Hong Kee and Zaim Husni bin Omar will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of the report are:

Ariffin bin Abd Majid
Yeow Daw Swee
William Woo Siew Wing
Ng Kuo Pin
Koh Boon Chye

PRINCIPAL ACTIVITIES

The Group and the Company are principally involved in the sale of information technology products and services. The principal activities of the subsidiaries are described in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Directors' Report (continued)

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
- Owners of the Company	3,903	4,031
- Non-controlling interest	(38)	0
Net profit for the financial year	3,865	4,031

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration as disclosed in this report) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE

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

Directors' Report (continued)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Number of ordinary shares			
	At 1.1.2023 '000	Bought '000	Sold '000	At 31.12.2023 '000
Datuk Wan Mohamed Fusil bin Wan Mahmood[1]	3,470	0	0	3,470
Fathil Sulaiman bin Ismail	7,748	0	0	7,748
Voon Seng Chuan	309	0	0	309

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

DIVIDENDS

The dividends on ordinary shares declared and paid by the Company since 31 December 2022 are as follow:

	RM'000
In respect of the financial year ended 31 December 2022	
- Interim single-tier dividend of RM 0.05 per share declared on 1 April 2022 and paid on 26 May 2022	3,020
- Final single-tier dividend of RM 0.05 per share declared on 28 February 2023 and paid on 3 July 2023	3,020

A final single-tier dividend of RM0.025 per share amounting to RM1,510,050 in respect of the financial year ended 31 December 2023 has been proposed by the Directors subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting. The final single-tier dividend, if approved, will be paid on 3 July 2024.

Directors' Report (continued)

DIRECTORS' REMUNERATION

Details of Directors' remuneration paid/payable by the Group and the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Directors' remuneration:		
Non-Executive Directors:		
- fees	372	372
- other emoluments*	156	156
Executive Director:		
- salary	665	665
- other emoluments*	82	82
- defined contribution plan	126	126
Total Directors' remuneration	1,401	1,401

* There is no benefit-in-kind (based on estimated monetary value) receivable from the Group and the Company in Director's emoluments during the financial year ended 31 December 2023 and 31 December 2022.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

Directors' Report (continued)

OTHER STATUTORY INFORMATION (CONTINUED)

(c) At the date of this report:

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

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

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

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

(f) In the opinion of the Directors:

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

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

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration for the financial year ended 31 December 2023 are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration:		
- audit	426	365
- non-audit	67	17
	493	382

Directors' Report (continued)

AUDITORS

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

This report was approved by the Board of Directors on 29 March 2024. Signed on behalf of the Board of Directors:

DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD **DIRECTOR**	**SIM HONG KEE** **DIRECTOR**

Kuala Lumpur

Statement by Directors

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

We, Datuk Wan Mohamed Fusil bin Wan Mahmood and Sim Hong Kee, two of the Directors of Mesiniaga Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 78 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and financial performance of the Group and of the Company for the financial year ended 31 December 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 of Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 March 2024.

DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD
DIRECTOR

SIM HONG KEE
DIRECTOR

Kuala Lumpur

Statutory Declaration

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

I, Ariffin bin Abd Majid, the Officer primarily responsible for the financial management of Mesiniaga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 130 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ARIFFIN BIN ABD MAJID
OFFICER
MIA No. CA 43071

Subscribed and solemnly declared by the above named, Ariffin bin Abd Majid at Kuala Lumpur, Malaysia on 29 March 2024.

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Mesiniaga Berhad
(Incorporated in Malaysia) Registration No. 198101013112 (79244-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Mesiniaga Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 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 year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 78 to 130.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Our audit approach

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

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

Key audit matters

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

Independent Auditors' Report

To the Members of Mesiniaga Berhad (continued)
(Incorporated in Malaysia) Registration No. 198101013112 (79244-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
During the financial year ended 31 December 2023, the Group and the Company recognised revenues amounting to RM259.8 million and RM257.3 million respectively (2022: RM292.9 million and RM286.9 million). We focused on this area as there are judgements involved in arriving at the quantum and timing of revenue recognised. Certain contracts with customers with multi element arrangements may include sales of hardware, software, maintenance and support services. Judgement is exercised in determining the number of distinct performance obligations included within these contracts with customers. Allocation of transaction price to the identified performance obligations based on the stand alone selling prices. The timing of revenue recognition may differ from the timing of billing to customers. When the services rendered by the Group and Company exceed the payment, a contract asset is recognised. Judgement is exercised in anticipating the timing between recognition of revenue and billings to the customers which may subsequently change due to specific risks and performance of the actual contract terms. As at 31 December 2023, the Group and Company had recognised contract assets amounting to RM59.7 million (2022: RM58.2 million). As a result of the above conditions, we regard revenue recognition from contracts with customers as a key audit matter for the Group and Company.	We performed the following audit procedures: ▪ We read and understood the key terms and conditions of significant contracts with customers containing multiple performance obligations; ▪ We obtained an understanding of the process surrounding customer acceptance and the acceptance of letters of award; ▪ We tested the operating effectiveness of controls over the approval of customer contracts and budgets including the estimation of cost in determining the stand alone selling price and management's assessment of the allocation of transaction price between various performance obligations; ▪ We have also obtained management's assessment of allocated transaction price to the identification of separate performance obligations over customer contracts with bundling arrangements and sighted to customer contracts on a sampling basis; ▪ We tested the amount of revenue recognised (services, hardware, MB Cloud and software) to acceptance documents from customers and/or service delivery periods based on contractual terms; ▪ We have obtained management's assessment of expected billings for contract assets and checked against the billing terms in the contract on a sampling basis. Held discussions with project managers to corroborate the project milestones used in determining the timing of expected billings against project reports; and ▪ We have tested the appropriateness of non-standard manual journal entries made to the revenue accounts by assessing the basis for the journals and reviewing supporting documents. We did not identify any material exceptions from performing the procedures above.

Independent Auditors' Report

To the Members of Mesiniaga Berhad (continued)
(Incorporated in Malaysia) Registration No. 198101013112 (79244-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis, Five-Year Performance Statistics, Sustainability Statement, Corporate Governance Overview Statement, Statement of Directors' Responsibilities in Relation to Financial Statements, Statement on Risk Management and Internal Control, Audit and Risk Management Committee, Nomination and Remuneration Committee, Other Information Required By the Listing Requirements of Bursa Securities Malaysia Berhad, Directors' Report and other sections of the 2023 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Independent Auditors' Report

To the Members of Mesiniaga Berhad (continued)
(Incorporated in Malaysia) Registration No. 198101013112 (79244-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

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

Kuala Lumpur
29 March 2024

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	259,795	292,919	257,300	286,897
Changes in inventories of finished goods		(2,473)	(4,349)	(817)	(5,255)
Finished goods purchased		(111,301)	(127,299)	(110,842)	(121,737)
Information technology services purchased		(60,500)	(69,529)	(81,774)	(86,751)
Staff cost	5	(73,568)	(77,442)	(59,950)	(62,661)
Depreciation		(1,640)	(1,737)	(1,442)	(1,597)
Travelling expenses		(2,065)	(1,598)	(1,353)	(1,159)
Administrative expenses		(5,252)	(5,076)	(4,949)	(4,794)
Other operating expenses		(1,530)	(1,553)	(1,715)	(1,330)
Net reversal on impairment losses on financial and contract assets	13,14, 15	41	670	8,010	670
Loss allowance on other receivables	15	(160)	0	(160)	0
Other operating income		493	260	781	798
Other gains		885	1,157	885	1,157
Profit from operations	6	2,725	6,423	3,974	4,238
Finance cost	7	(750)	(677)	(747)	(674)
Finance income	7	1,026	688	822	555
Profit before taxation and zakat		3,001	6,434	4,049	4,119
Taxation and zakat	8	864	258	(18)	539
Profit for the financial year		3,865	6,692	4,031	4,658
Other comprehensive income:					
Item that will not be reclassified to profit or loss:					
Actuarial (loss)/gain on defined benefit plan (net of tax)	8	(1,291)	1,846	(1,291)	1,846
Total comprehensive income for the financial year		2,574	8,538	2,740	6,504
Profit for the financial year attributable to:					
Equity holders of the Company		3,903	6,508	4,031	4,658
Non-controlling interests		(38)	184	0	0
Profit for the financial year		3,865	6,692	4,031	4,658
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		2,612	8,354	2,740	6,504
Non-controlling interests		(38)	184	0	0
Total comprehensive income for the financial year		2,574	8,538	2,740	6,504
Basic/Diluted earnings per share (sen)	9	6.46	10.77		

The notes on pages 86 to 130 are an integral part of these financial statements.

Statements of Financial Position
As at 31 December 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	34,926	35,871	34,716	35,602
Intangible assets	11	0	0	0	0
Investment in subsidiaries	12	0	0	1,590	1,798
Contract assets	13	2,669	3,034	2,669	3,034
Finance lease receivables	14	3,075	4,719	3,075	4,719
Trade and other receivables	15	5,625	3,364	5,625	3,364
Deferred tax assets	16	2,400	1,267	1,400	1,000
TOTAL NON-CURRENT ASSETS		48,695	48,255	49,075	49,517
Current assets					
Contract assets	13	56,984	55,138	56,984	55,138
Inventories	17	6,572	9,045	4,793	5,609
Finance lease receivables	14	1,940	2,707	1,940	2,707
Trade and other receivables	15	60,422	63,514	67,106	60,010
Tax recoverable		187	157	22	0
Deposits with licensed financial institutions	18	38,246	25,033	29,528	18,519
Cash and bank balances	18	26,199	31,709	22,339	29,448
TOTAL CURRENT ASSETS		190,550	187,303	182,712	171,431
TOTAL ASSETS		239,245	235,558	231,787	220,948

The notes on pages 86 to 130 are an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	19	64,528	64,528	64,528	64,528
Retained earnings		49,399	48,516	38,385	37,374
Defined benefit reserves	20	(3,520)	(2,229)	(3,520)	(2,229)
		110,407	110,815	99,393	99,673
Non-controlling interests	12	7,238	7,276	0	0
TOTAL EQUITY		117,645	118,091	99,393	99,673
Non-current liabilities					
Defined benefits obligations	20	5,427	3,680	5,427	3,680
Lease liabilities	21	2,704	4,201	2,704	4,177
Borrowings	22	248	578	248	578
TOTAL NON-CURRENT LIABILITIES		8,379	8,459	8,379	8,435
Current liabilities					
Trade and other payables	23	76,308	78,655	87,126	82,513
Lease liabilities	21	1,514	1,850	1,490	1,824
Contract liabilities	13	24,865	21,659	24,865	21,659
Borrowings	22	10,534	6,769	10,534	6,769
Tax payable		0	75	0	75
TOTAL CURRENT LIABILITIES		113,221	109,008	124,015	112,840
TOTAL LIABILITIES		121,600	117,467	132,394	121,275
TOTAL EQUITY AND LIABILITIES		239,245	235,558	231,787	220,948

The notes on pages 86 to 130 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

		Attributable to owners of the parent						
		Issued and fully paid ordinary shares						
Group	Note	Number of shares '000	Share capital RM'000	Retirement benefit reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2023		60,402	64,528	(2,229)	48,516	110,815	7,276	118,091
Income for the financial year		0	0	0	3,903	3,903	(38)	3,865
Other comprehensive loss for the financial year		0	0	(1,291)	0	(1,291)	0	(1,291)
Total other comprehensive (loss)/income for the financial year		0	0	(1,291)	3,903	2,612	(38)	2,574
Dividend paid	25	0	0	0	(3,020)	(3,020)	0	(3,020)
At 31 December 2023		60,402	64,528	(3,520)	49,399	110,407	7,238	117,645
At 1 January 2022		60,402	64,528	(4,075)	45,028	105,481	7,092	112,573
Income for the financial year		0	0	0	6,508	6,508	184	6,692
Other comprehensive income for the financial year		0	0	1,846	0	1,846	0	1,846
Total other comprehensive income for the financial year		0	0	1,846	6,508	8,354	184	8,538
Dividend paid	25	0	0	0	(3,020)	(3,020)	0	(3,020)
At 31 December 2022		60,402	64,528	(2,229)	48,516	110,815	7,276	118,091

The notes on pages 86 to 130 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

Company	Note	Issued and fully paid ordinary shares Number of shares '000	Share capital RM'000	Retirement benefit reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2023		60,402	64,528	(2,229)	37,374	99,673
Income for the financial year		0	0	0	4,031	4,031
Other comprehensive loss for the financial year		0	0	(1,291)	0	(1,291)
Total other comprehensive (loss)/income for the financial year		0	0	(1,291)	4,031	2,740
Dividend paid	25	0	0	0	(3,020)	(3,020)
At 31 December 2023		60,402	64,528	(3,520)	38,385	99,393
At 1 January 2022		60,402	64,528	(4,075)	35,736	96,189
Income for the financial year		0	0	0	4,658	4,658
Other comprehensive income for the financial year		0	0	1,846	0	1,846
Total other comprehensive income for the financial year		0	0	1,846	4,658	6,504
Dividend paid	25	0	0	0	(3,020)	(3,020)
At 31 December 2022		60,402	64,528	(2,229)	37,374	99,673

The notes on pages 86 to 130 are an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		3,865	6,692	4,031	4,658
Adjustments for:					
Taxation	8	(874)	(258)	8	(539)
Zakat	8	10	0	10	0
Depreciation of:					
- property, plant and equipment	10	1,566	1,609	1,368	1,469
- right-of-use	10	74	128	74	128
Dividend income from a subsidiary		0	0	0	(250)
Finance cost	7	750	677	747	674
Finance income	7	(1,026)	(688)	(822)	(555)
Defined benefits obligations		399	530	399	530
Net (reversal)/impairment of losses:					
- trade and other receivables		(32)	91	(29)	91
- contract assets		(9)	(721)	(9)	(721)
- finance lease receivables		0	(40)	0	(40)
- amount due from a subsidiary		0	0	(7,972)	0
Loss allowance on receivables		160	0	160	0
Gain on net investment of sublease		0	(567)	0	(567)
Unrealised foreign exchange gains, net		(856)	(605)	(856)	(606)
Loss on property, plant and equipment written off		5	2	5	2
(Reversal)/provision for slow moving inventory		(44)	(162)	(34)	17
Impairment of investment in subsidiaries		0	0	208	0
Write off amount due from a subsidiary		0	0	205	0
		3,988	6,688	(2,507)	4,291
Changes in working capital:					
Contract assets		(1,472)	(5,976)	(1,472)	(5,976)
Inventories		2,517	4,510	850	5,238
Trade and other receivables		3,412	(10,072)	1,193	(8,443)
Intercompany balances		0	0	6,648	2,776
Trade and other payables		(3,768)	5,453	(3,640)	4,502
Contract liabilities		3,206	7,959	3,206	7,994
Cash generated from operations		7,883	8,562	4,278	10,382
Retirement benefits paid		(350)	(300)	(350)	(300)
Net tax refund/(paid)		37	(219)	(97)	(69)
Zakat paid		(10)	0	(10)	0
Net cash generated from operating activities		7,560	8,043	3,821	10,013

The notes on pages 86 to 130 are an integral part of these financial statements.

Statements of Cash Flows
For the Financial Year Ended 31 December 2023 (continued)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(a)	(1,058)	(857)	(948)	(751)
Interest received		728	509	524	375
Investment in deposits maturing more than three months (restricted cash)		(19)	0	(19)	0
Increase in net restricted cash		(1,052)	0	(1,052)	0
Net cash used in investing activities		(1,401)	(348)	(1,495)	(376)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders		(3,020)	(3,020)	(3,020)	(3,020)
Repayment of lease liabilities	(b)	(44)	(118)	(16)	(90)
Interest paid on lease liabilities	(b)	(2)	(8)	0	(6)
Drawdown of borrowings	(b)	28,689	20,808	28,689	20,808
Repayment of borrowings	(b)	(24,924)	(22,671)	(24,924)	(22,671)
Interest paid on borrowings	(b)	(353)	(558)	(353)	(558)
Repayment of term loan	(b)	(330)	(330)	(330)	(330)
Interest paid on term loan	(b)	(35)	(44)	(35)	(44)
Increase in net restricted cash		0	(2,887)	0	(2,887)
Net cash used in financing activities		(19)	(8,828)	11	(8,798)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,140	(1,133)	2,337	839
EFFECT OF FOREIGN EXCHANGE TRANSLATION		492	291	492	291
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		52,285	53,127	43,510	42,380
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	18	58,917	52,285	46,339	43,510

The notes on pages 86 to 130 are an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2023 (continued)

Note to the Statement of Cash Flows:

(a) Purchase of property, plant and equipment

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Additions during the year	700	857	561	751
Deposits paid in current year	465	0	465	0
Unpaid and included under payables	(107)	0	(78)	0
Payment during the year	1,058	857	948	751

(b) The reconciliation of lease liabilities and borrowings to cash flow arising from financing activities is disclosed in Notes 21 and 22.

The notes on pages 86 to 130 are an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The principal activities of the Group and of the Company are sale of information technology ("IT") products and services. The principal activities of the subsidiaries are described in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

(a) Standards, amendments to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on 1 January 2023:

- MFRS 17 'Insurance Contracts' and its amendments
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 112 'International Tax Reform - Pillar Two Model Rules'

The adoption of the above standard and amendments to standards have no material impact in the current financial year or any prior period notes and not likely to affect future period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective:

Amendments to standards and interpretations are effective for financial year beginning after 1 January 2024:

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

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

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

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

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

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

  The amendments shall be applied retrospectively.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective (continued):

Amendments to standards and interpretations are effective for financial year beginning after 1 January 2024 (continued):

- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements' (effective 1 January 2024) require entities to disclose information about the supplier finance arrangements ("SFA") that enable the users to understand the effects of SFA on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments require the following information about SFA to be disclosed in the annual period in which the amendments are first applied:

  a. the terms and condition of SFA;
  b. the carrying amount of the financial liabilities that are part of SFAs and the line items in which those liabilities are presented;
  c. the carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers;
  d. the range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements;
  e. the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of SFAs; and
  f. liquidity risk information (e.g. concentration of risks; access to SFA facilities for liquidity requirement).

  The amendments to MFRS 107 and MFRS 7 are not expected to have material impact to the Group and the Company.

- Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025) clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

  The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

  The amendments to MFRS 121 are not expected to have material impact to the Group and the Company.

These amendments to these published standards will be adopted on the respective effective dates. The Group and the Company are currently assessing the financial impact that may arise from the adoption of the above amendments to published standards.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SEGMENTAL REPORTING

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

2.3 REVENUE RECOGNITION

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

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

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

Transaction price is allocated to each performance obligation on the basis of the estimated stand-alone selling prices of each distinct goods or services promised in the contract.

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

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

(a) Sales of hardware and software

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

(b) Rendering of services

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

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

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

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

MB Cloud

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

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group and the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The accounting policies set out above have been applied consistently to the periods and presented in these financial statements, unless otherwise stated.

Other than disclosed above, the material accounting policies and the judgement where assumptions and estimates to the financial statements are disclosed in the respective notes to financial statements where relevant.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

The table illustrates the impact on the profit for the year, equity and net assets resulting from currency sensitivities as at 31 December 2023, if Ringgit Malaysia had weakened/strengthened by 1% against the US dollar with other variables held constant.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Increase/(Decrease) on profit for the year				
1 percent increase in US Dollar exchange rate	(218)	(142)	(218)	(141)
1 percent decrease in US Dollar exchange rate	218	142	218	141

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial asset				
Fixed rate – deposits with financial institutions	38,246	25,033	29,528	18,519
Financial liabilities				
Floating rate – term loan	578	908	578	908
Variable rate – banker acceptance	10,204	6,439	10,204	6,439
Variable rate – lease liabilities	4,218	6,051	4,194	6,001

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk

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

The Group and the Company had applied simplified approach for trade receivables including contract assets and three stages approach for all other non-trade receivables including amounts due from subsidiaries.

Measurement of Expected Credit Loss ("ECL")

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

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

The Group's and the Company's customers are mainly significant entities in the information, communication, telecommunication and utilities industries. At the reporting date, the Group and the Company has significant concentration of credit risk that may arise from exposure to two (2022: two) major customers which accounted for 45% (2022: 45%) of the trade receivables. The Group and the Company considers the risk of material loss in the event of non-performance by these two customers to be unlikely.

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

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

To measure the expected credit losses, trade receivables, contract assets and finance lease receivable have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 2 years before 31 December 2023, and the corresponding historical credit losses experienced within this period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

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

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

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables, contract assets and finance lease receivables:

	Current RM'000	1 - 180 days past due RM'000	> 180 days past due RM'000	Total RM'000
Group				
31 December 2023				
Expected loss rate	0%-1%	0%-1%	1%-5%	
Gross carrying amount				
- trade receivables	27,141	18,119	896	46,156
- contract assets	59,979	0	0	59,979
- finance lease receivables	5,028	0	0	5,028
Loss allowance	(426)	(77)	(4)	(507)
Carrying amount (net of loss allowance)	91,722	18,042	892	110,656
Company				
31 December 2023				
Expected loss rate	0%-1%	0%-1%	1%-5%	
Gross carrying amount				
- trade receivables	27,078	17,802	897	45,777
- contract assets	59,979	0	0	59,979
- finance lease receivables	5,028	0	0	5,028
Loss allowance	(426)	(76)	(3)	(505)
Carrying amount (net of loss allowance)	91,659	17,726	894	110,279

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

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

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

	Current RM'000	1 - 180 days past due RM'000	> 180 days past due RM'000	Total RM'000
Group				
31 December 2022				
Expected loss rate	0%-1%	0%-1%	1%-5%	
Gross carrying amount				
- trade receivables	31,741	18,169	1,021	50,931
- contract assets	58,507	0	0	58,507
- finance lease receivables	7,439	0	0	7,439
Loss allowance	(457)	(73)	(18)	(548)
Carrying amount (net of loss allowance)	97,230	18,096	1,003	116,329
Company				
31 December 2022				
Expected loss rate	0%-1%	0%-1%	1%-5%	
Gross carrying amount				
- trade receivables	29,596	17,751	1,021	48,368
- contract assets	58,507	0	0	58,507
- finance lease receivables	7,439	0	0	7,439
Loss allowance	(457)	(69)	(18)	(544)
Carrying amount (net of loss allowance)	95,085	17,682	1,003	113,770

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

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

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

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

	Contract assets RM'000	Trade receivables RM'000	Finance lease receivables RM'000
Group:			
31 December 2023			
Opening loss allowance	335	200	13
Reversal of loss	(9)	(32)	0
Closing loss allowance	326	168	13
Company:			
31 December 2023			
Opening loss allowance	335	195	13
Reversal of loss	(9)	(29)	0
Closing loss allowance	326	166	13

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

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

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

(ii) Other receivables and deposits

Credit risk for other receivables and deposits are mainly arising from rental deposits, staff advances, interest receivables from fixed deposits and deposits with utilities companies.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

(ii) Other receivables and deposits (continued)

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

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

	ECL rate	Basis for recognition of ECL provision	Gross RM'000	Loss allowance RM'000	Net RM'000
31 December 2023					
Group					
Performing	0%	12 months ECL	884	0	884
Not performing	100%	Lifetime ECL	0	0	0
			884	0	884
Company					
Performing	0%	12 months ECL	772	0	772
Not performing	100%	Lifetime ECL	0	0	0
			772	0	772
31 December 2022					
Group					
Performing	0%	12 months ECL	246	0	246
Not performing	100%	Lifetime ECL	0	0	0
			246	0	246
Company					
Performing	0%	12 months ECL	114	0	114
Not performing	100%	Lifetime ECL	0	0	0
			114	0	114

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

(iii) Loan to a key management personnel

The Group and the Company considers the loan to a key management personnel to have low credit risk as the Group and the Company is able to determine the timing of payments when they are payable. The Group and the Company determines the probability of default using internal information available and collection received subsequent to the reporting date.

(iv) Amounts due from a subsidiary

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

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

	ECL rate	Basis for recognition of ECL provision	Gross RM'000	Loss allowance RM'000	Net RM'000
31 December 2023					
Company					
Performing	0%	12 months ECL	7,972	0	7,972
Not performing	100%	Lifetime ECL	24,255	(24,255)	0
			32,227	(24,255)	7,972
31 December 2022					
Company					
Performing	0%	12 months ECL	0	0	0
Not performing	100%	Lifetime ECL	32,227	(32,227)	0
			32,227	(32,227)	0

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

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

(iv) Amounts due from a subsidiary (continued)

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

	Company	
	2023 RM'000	2022 RM'000
Opening loss allowance as at 1 January, as stated	32,227	32,227
Decrease in the allowance recognised in profit or loss during the period	(7,972)	0
As at 31 December	24,255	32,227

(v) Deposits and bank balances

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

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

In view of the sound credit rating of counterparties, Management expects the counterparties will meet their respective obligations. The credit ratings of the financial institutions in respect of deposits and bank balances are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
AAA	40,409	42,645	27,833	33,872
AA	24,024	14,085	24,024	14,085
	64,433	56,730	51,857	47,957

The credit ratings are assigned by RAM Ratings Services Berhad.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

			2023
	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
Group			
Financial Liabilities			
Trade and other payables, excluding statutory liabilities and short-term lease	72,952	72,952	0
Borrowings	11,013	10,760	253
Lease liabilities	4,553	1,675	2,878
Total undiscounted financial liabilities	88,518	85,387	3,131
Company			
Financial Liabilities			
Trade and other payables, excluding statutory liabilities and short-term lease	71,241	71,241	0
Amount due to subsidiaries	13,047	13,047	0
Borrowings	11,013	10,760	253
Lease liabilities	4,526	1,648	2,878
Total undiscounted financial liabilities	99,827	96,696	3,131

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk (continued)

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

The Group and the Company has undrawn banking facilities with expiry beyond one year amounting to RM132,709,573 (2022: RM138,745,033) of which RM120,342,193 (2022: RM137,484,899) is for the purpose of mobilisation of the approved projects undertaken by the Group and the Company as at 31 December 2023.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(d) Financial instruments by category

	2023 RM'000	2022 RM'000
Group		
Financial assets classified at amortised cost as per statement of financial position		
Trade and other receivables, excluding prepayments	46,872	50,646
Finance lease receivables	5,015	7,426
Deposits, cash and bank balances	64,445	56,742
	116,332	114,814
Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position		
Trade and other payables, excluding statutory liabilities	72,952	81,171
Borrowings	10,782	7,347
Lease liabilities	4,218	6,051
	87,952	94,569
Company		
Financial assets classified at amortised cost as per statement of financial position		
Trade and other receivables, excluding prepayments	46,383	47,957
Amount due from a subsidiary	7,972	0
Finance lease receivables	5,015	7,426
Deposits, cash and bank balances	51,867	47,967
	111,237	103,350
Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position		
Trade and other payables, excluding statutory liabilities	71,241	79,321
Amounts due to subsidiaries	13,047	6,194
Borrowings	10,782	7,347
Lease liabilities	4,194	6,001
	99,264	98,863

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(e) Fair value estimation

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

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

There were no amounts measured at fair value in the statement of financial position as at 31 December 2023 and 31 December 2022. Other than as disclosed, the carrying amounts of the financial instruments are a reasonable approximation of fair value due to their relatively short-term nature or that they are floating rate instruments.

3.2 CAPITAL MANAGEMENT

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

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

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

	2023 RM'000	2022 RM'000
The Group		
Total borrowings (Note 22)	10,782	7,347
Deposits, cash and bank balances (Note 18)	(64,445)	(56,742)
Net debt	(53,663)	(49,395)
Total equity	117,645	118,091
Total capital	117,645	118,091
Gearing ratio (%)	0	0

There were no externally imposed capital requirements during the financial year other than the property pledged as disclosed in Note 10.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

4 REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers:				
- services	134,830	142,552	134,833	142,552
- hardware and software	124,965	150,367	122,467	144,345
	259,795	292,919	257,300	286,897

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Timing of revenue recognition:				
- over time	134,830	142,552	134,833	142,552
- at point in time	124,965	150,367	122,467	144,345
	259,795	292,919	257,300	286,897

Unsatisfied long-term performance obligations

For contracts that exceeded one year, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the financial year which the Group and Company expect to recognise as revenue in 2024 and 2025 (2022: 2023 and 2024) are approximately RM153,265,468 (2022: RM120,284,468) and RM130,365,341 (2022: RM110,721,917) respectively.

During the financial year ended 31 December 2023, the Group and Company have recognised revenue from contracts with customers amounting to RM16,873,970 (2022: RM12,240,439) and RM16,873,970 (2022: RM12,205,769) that was included in the contract liability at the beginning of the reporting period (Note 13).

5 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Staff cost				
- wages, salaries, bonuses and other employment benefits	66,096	69,699	38,209	41,797
- cost recharged from a subsidiary	0	0	17,290	16,005
Defined contribution plan	7,073	7,213	4,052	4,329
Defined benefit plan (Note 20)	399	530	399	530
	73,568	77,442	59,950	62,661

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

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

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' remuneration:				
Non-Executive Directors:				
- fees	372	300	372	300
- other emoluments*	156	90	156	90
Executive Director:				
- salary	665	1,125	665	1,125
- other emoluments*	82	72	82	72
- defined contribution plan	126	195	126	195
Total Directors' remuneration	1,401	1,782	1,401	1,782

* There is no benefit-in-kind (based on estimated monetary value) receivable from the Group and the Company in Directors' emoluments during the financial year ended 31 December 2023 and 31 December 2022.

6 PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration:				
- audit fee	426	407	365	320
- over provision of prior years	(20)	0	(15)	0
- non-audit	67	40	17	36
Depreciation of:				
- property, plant and equipment	1,566	1,609	1,368	1,469
- right-of-use assets	74	128	74	128
Dividend income from subsidiary	0	0	0	(250)
Net realised foreign exchange gains	(35)	(3)	(27)	(1)
Net unrealised foreign exchange gains	(856)	(605)	(856)	(606)
Loss on written off property, plant and equipment	5	2	5	2

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

6 PROFIT FROM OPERATIONS (CONTINUED)

Profit from operations is arrived at after charging/(crediting) (continued):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term lease	248	312	92	97
Rental income	(493)	(260)	(493)	(260)
(Reversal)/provision for slow moving inventory	(44)	(162)	(34)	17
Net (reversal)/impairment of losses:				
- trade receivables	(32)	91	(29)	91
- contract asset	(9)	(721)	(9)	(721)
- finance lease receivables	0	(40)	0	(40)
- amount due from a subsidiary	0	0	(7,972)	0
Loss allowance on other receivables	160	0	160	0
Impairment of investment in subsidiaries	0	0	208	0
Write off amount due from subsidiaries	0	0	205	0
Gain on net investment of sublease	0	(567)	0	(567)
Accounting services fees	0	0	(288)	(288)

7 FINANCE INCOME/(COST)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance income				
Interest income on:				
- deposits with licensed banks	728	509	524	376
- finance lease receivables	298	179	298	179
	1,026	688	822	555
Finance cost				
Finance cost on:				
- bank borrowings	(503)	(602)	(503)	(602)
- finance lease liabilities	(247)	(75)	(244)	(72)
	(750)	(677)	(747)	(674)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

8 TAXATION AND ZAKAT

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current taxation:				
Current financial year	0	194	0	90
(Over)/under provision in prior years	(149)	75	0	(47)
	(149)	269	0	43
Deferred taxation (Note 16)	(725)	(527)	8	(582)
Tax (expense)/credit	(874)	(258)	8	(539)
Zakat	10	0	10	0
	(864)	(258)	18	(539)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation and zakat	3,001	6,434	4,049	4,119
Taxation calculated at the applicable Malaysian tax rate of 24% (2022: 24%)	720	1,544	972	989
Tax effects of:				
- income not subject to tax	(71)	(137)	(1,985)	(197)
- expenses not deductible for tax purposes	98	182	181	161
- tax losses, capital allowances and temporary differences not recognised	1,372	468	840	0
- utilisation and recognition of previously unrecognised tax losses	(2,844)	(2,390)	0	(1,445)
- (over)/under provision in prior years	(149)	75	0	(47)
- zakat	10	0	10	0
Tax (credit)/expense and zakat	(864)	(258)	18	(539)

8 TAXATION AND ZAKAT (CONTINUED)

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

	Group and Company		
	Before Tax RM'000	Tax Charge RM'000	After Tax RM'000
Actuarial loss on defined benefit plan as at 31 December 2023	(1,699)	408	(1,291)
Actuarial gain on defined benefit plan as at 31 December 2022	2,429	(583)	1,846

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

	Group		Company	
	2023 RM'000	2022 RM'000 Restated*	2023 RM'000	2022 RM'000 Restated*
Deductible temporary differences	15,898	12,183	14,426	12,162
Unutilised tax losses	27,391	33,596	8,886	8,143
Unabsorbed capital allowances	712	188	495	0
	44,001	45,967	23,807	20,305

Expiry date of unutilised losses are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000 Restated*	2023 RM'000	2022 RM'000 Restated*
Year Assessment 2028	14,418	22,101	0	0
Year Assessment 2029	141	141	0	0
Year Assessment 2030	9,520	9,520	8,143	8,143
Year Assessment 2031	565	565	0	0
Year Assessment 2032	1,269	1,269	0	0
Year Assessment 2033	1,478	0	743	0
	27,391	33,596	8,886	8,143

* Restated to be consistent with actual tax submission.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

9 EARNINGS PER SHARE

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

	Group	
	2023	2022
Profit attributable to equity holders of the Company (RM'000)	3,903	6,508
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Total basic earnings per share attributable to the ordinary equity holders of the Company (sen)	6.46	10.77

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

10 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
Cost						
At 1 January 2023	300	19,567	29,771	39,325	140	89,103
Additions	0	0	36	664	0	700
Write off	0	0	0	(289)	0	(289)
At 31 December 2023	300	19,567	29,807	39,700	140	89,514
Accumulated depreciation						
At 1 January 2023	28	0	16,238	36,858	108	53,232
Charge for the financial year	6	0	602	1,000	32	1,640
Write off	0	0	0	(284)	0	(284)
At 31 December 2023	34	0	16,840	37,574	140	54,588
Net book value						
At 31 December 2023	266	19,567	12,967	2,126	0	34,926

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
Cost						
At 1 January 2022	300	19,567	29,771	59,713	140	109,491
Additions	0	0	0	857	0	857
Write off	0	0	0	(21,245)	0	(21,245)
At 31 December 2022	300	19,567	29,771	39,325	140	89,103
Accumulated depreciation						
At 1 January 2022	22	0	15,685	56,955	76	72,738
Charge for the financial year	6	0	553	1,146	32	1,737
Write off	0	0	0	(21,243)	0	(21,243)
At 31 December 2022	28	0	16,238	36,858	108	53,232
Net book value						
At 31 December 2022	272	19,567	13,533	2,467	32	35,871

Company	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost					
At 1 January 2023	300	19,567	29,771	35,329	84,967
Additions	0	0	36	525	561
Write off	0	0	0	(154)	(154)
At 31 December 2023	300	19,567	29,807	35,700	85,374
Accumulated depreciation					
At 1 January 2023	28	0	16,238	33,099	49,365
Charge for the financial year	6	0	602	834	1,442
Write off	0	0	0	(149)	(149)
At 31 December 2023	34	0	16,840	33,784	50,658
Net book value					
At 31 December 2023	266	19,567	12,967	1,916	34,716

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost					
At 1 January 2022	300	19,567	29,771	39,821	89,459
Additions	0	0	0	751	751
Write off	0	0	0	(5,243)	(5,243)
At 31 December 2022	300	19,567	29,771	35,329	84,967
Accumulated depreciation					
At 1 January 2022	22	0	15,685	37,303	53,010
Charge for the financial year	6	0	553	1,038	1,597
Write off	0	0	0	(5,242)	(5,242)
At 31 December 2022	28	0	16,238	33,099	49,365
Net book value					
At 31 December 2022	272	19,567	13,533	2,230	35,602

A building with a net book value RM3,018,705 (2022: RM3,086,925) is charged to a financial institution for bank facilities granted to the Group and the Company as disclosed in Note 22 to the financial statements.

Included in property, plant and equipment of the Group and the Company are fully depreciated assets, which are still in use, with an aggregate cost of approximately RM35,694,787 and RM30,596,357 (2022: RM34,551,241 and RM29,531,503) respectively.

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

Building	2%
Leasehold land	1%
Office equipment, furniture and fittings	7% - 33%
Motor vehicle	25%

Fair values of the Group's property, plant and equipment at the end of the financial year have been determined based on the market comparison approach for similar properties and are within level 2 of the fair value hierarchy.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group and Company		
	Leasehold land RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 January and 31 December 2023	300	2,115	2,415
Accumulated depreciation			
At 1 January 2023	28	1,680	1,708
Charge for the financial year	6	68	74
At 31 December 2023	34	1,748	1,782
Net book value			
At 31 December 2023	266	367	633
Cost			
At 1 January and 31 December 2022	300	2,115	2,415
Accumulated depreciation			
At 1 January 2022	22	1,558	1,580
Charge for the financial year	6	122	128
At 31 December 2022	28	1,680	1,708
Net book value			
At 31 December 2022	272	435	707

11 INTANGIBLE ASSETS

	Internally developed software	
Group	2023 RM'000	2022 RM'000
Cost		
At 1 January and 31 December	3,030	3,030
Accumulated amortisation		
At 1 January and 31 December	3,030	3,030
Net book value		
At 31 December	0	0

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

12 INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	2,006	2,006
Less: Accumulated impairment losses	(416)	(208)
	1,590	1,798

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

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

Name of subsidiaries	Principal activities	Group's effective interest	
		2023 %	2022 %
VA Dynamics Sdn. Bhd.	Sales of networking cables and related products	51	51
Mesiniaga Digital Sdn. Bhd.	Provision of design, development and implementation of business solutions and product development	100	100
Mesiniaga Alliances Sdn. Bhd.	Provision of strategic information technology outsourcing services	100	100
Mesiniaga Services Sdn. Bhd.	Dormant	100	100
Mesiniaga MSC Sdn. Bhd.	Dormant	100	100
Mesiniaga Mobility Sdn. Bhd.	Dormant	100	100

All the above subsidiaries are audited by PricewaterhouseCoopers PLT Malaysia.

Summarised financial information on subsidiary with material non-controlling interests

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Summarised statement of financial position

	2023 RM'000	2022 RM'000
Current		
Assets	14,826	14,868
Liabilities	(65)	(221)
Total current net assets	14,761	14,647
Non-current		
Assets	10	286
Net assets	14,771	14,933

Summarised statement of comprehensive income

	For the financial year ended 31 December	
	2023 RM'000	2022 RM'000
Revenue	2,499	6,032
(Loss)/Profit before taxation	(44)	656
Tax expense	(118)	(281)
(Loss)/Profit for the financial year and total comprehensive (loss)/income	(162)	375
(Loss)/Profit and total comprehensive income attributable to non-controlling interest	(38)	184
Accumulated non-controlling interest	7,238	7,276

Summarised statement of cash flows

	For the financial year ended 31 December	
	2023 RM'000	2022 RM'000
Cash flow generated from/(used in) operations	3,445	(1,959)
Net income tax refund/(paid)	134	(150)
Net cash generated from/(used in) operating activities	3,579	(2,109)
Net cash generated from investing activities	204	129
Net increase/(decrease) in cash and cash equivalents	3,783	(1,980)
Cash and cash equivalents at beginning of financial year	8,700	10,680
Cash and cash equivalents at end of financial year	12,483	8,700

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

13 CONTRACT ASSETS/(LIABILITIES)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current asset				
Contract assets	57,174	55,321	57,174	55,321
Less: loss allowance and discounting	(190)	(183)	(190)	(183)
	56,984	55,138	56,984	55,138
Non-current assets				
Contract assets	2,805	3,186	2,805	3,186
Less: loss allowance and discounting	(136)	(152)	(136)	(152)
	2,669	3,034	2,669	3,034
Current liabilities				
Contract liabilities	(24,865)	(21,659)	(24,865)	(21,659)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contract assets				
At 1 January	58,507	53,382	58,507	53,382
Increase as a result of performance obligation fulfilled but not yet billed	51,398	55,716	51,398	55,716
Decrease due to billings made during the financial year	(50,599)	(50,591)	(50,599)	(50,591)
	59,979	58,507	59,979	58,507
Less: loss allowance and discounting	(326)	(335)	(326)	(335)
At 31 December	59,653	58,172	59,653	58,172
Contract liabilities				
At 1 January	(21,659)	(13,700)	(21,659)	(13,665)
During the financial year that was included in the contract liabilities balance as at 1 January	16,874	12,241	16,874	12,206
Increases due to billing made, excluding amounts recognised as revenue during the financial year	(20,080)	(20,200)	(20,080)	(20,200)
At 31 December	(24,865)	(21,659)	(24,865)	(21,659)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

14 FINANCE LEASE RECEIVABLES

Sublease classification

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

	Group and Company	
	2023 RM'000	2022 RM'000
Gross receivables	5,423	8,097
Less: unearned finance income	(395)	(658)
Less: loss allowance	(13)	(13)
Present value of finance lease receivables	5,015	7,426

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

	Group and Company	
	2023 RM'000	2022 RM'000
Receivable within 12 months	2,139	3,002
Receivable after 12 months:		
- between 1 and 2 years	1,250	1,995
- between 2 and 5 years	2,034	3,100
	5,423	8,097
Less: unearned finance income	(395)	(658)
Less: loss allowance	(13)	(13)
	5,015	7,426
Current assets		
Finance lease receivable	1,947	2,712
Less: loss allowance	(7)	(5)
	1,940	2,707
Non-Current assets		
Finance lease receivable	3,081	4,727
Less: loss allowance	(6)	(8)
	3,075	4,719

Finance lease receivables are related to lease of laptops and related IT equipment. The weighted average effective interest rate for finance lease receivables is 4.16% (2022: 4.75%) per annum.

The finance lease receivables are denominated in Ringgit Malaysia.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

14 FINANCE LEASE RECEIVABLES (CONTINUED)

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

	Group and Company	
	2023 RM'000	2022 RM'000
At 1 January	7,426	3,377
New leases entered into during the financial year	331	6,947
Lease payments received during the financial year	(2,742)	(2,885)
Loss allowance	0	(13)
At 31 December	5,015	7,426

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Trade receivables	46,156	50,931	45,777	48,368
Less: loss allowance	(168)	(200)	(166)	(195)
	45,988	50,731	45,611	48,173
Other receivables	986	131	986	9
Less: loss allowance	(160)	0	(160)	0
	826	131	826	9
Loan to key management personnel (Note 24)	20	0	20	0
Prepayments	13,482	12,537	12,581	11,723
Deposits	106	115	96	105
Amounts due from subsidiaries	0	0	32,227	32,227
Less: loss allowance	0	0	(24,255)	(32,227)
	0	0	7,972	0
	60,422	63,514	67,106	60,010
Non-current				
Loan to key management personnel (Note 24)	60	0	60	0
Other receivables	5,565	3,364	5,565	3,364
	5,625	3,364	5,625	3,364
Trade and other receivables	66,047	66,878	72,731	63,374

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

Credit terms of trade receivables range from 30 days to 90 days (2022: 30 days to 90 days).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Prepayment consist of prepaid services inventories for costs of which are incurred upfront for services to be rendered over a range of 1 to 5 years (2022: 1 to 5 years).

Details of amounts due from subsidiaries and a related party are disclosed in Note 24 to the financial statements.

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

The disclosure of loss allowances is set out in Note 3.1(b) to the financial statements.

16 DEFERRED TAX ASSETS

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

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets:	2,400	1,267	1,400	1,000
At 1 January	1,267	1,322	1,000	1,000
Credited/(Charged) to profit or loss: (Note 8)				
- property, plant and equipment	88	(54)	83	(55)
- Defined benefits obligations	1,264	(203)	1,264	(203)
- tax losses	1,000	0	0	0
- receivables	40	(635)	40	(579)
- inventories	985	0	985	0
- payables	(1,470)	0	(1,198)	0
- contract assets	177	1,306	177	1,306
- others	(106)	(146)	(106)	(146)
	1,978	268	1,245	323
Credited to other comprehensive income:				
- Defined benefits obligations	(845)	(323)	(845)	(323)
At 31 December	2,400	1,267	1,400	1,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

16 DEFERRED TAX ASSETS (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Defined benefits obligations	1,302	883	1,302	883
- tax losses	1,000	0	0	0
- receivables	40	0	40	0
- inventories	985	0	985	0
- payables	112	1,582	112	1,310
- contract assets	1,099	922	1,099	922
- others	100	0	100	0
	4,638	3,387	3,638	3,115
Offsetting	(2,238)	(2,120)	(2,238)	(2,115)
Deferred tax assets (after offsetting)	2,400	1,267	1,400	1,000
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(1,887)	(1,975)	(1,887)	(1,970)
- others	(351)	(145)	(351)	(145)
Offsetting	2,238	2,120	2,238	2,115
Deferred tax liabilities (after offsetting)	0	0	0	0

17 INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At net realisable value:				
Cables	1,716	617	0	0
Spare parts	49	80	49	80
	1,765	697	49	80
At cost:				
Cables	63	2,819	0	0
Equipment	712	2,067	712	2,067
Software for re-sale	3,995	3,147	3,995	3,147
Spare parts	37	315	37	315
	4,807	8,348	4,744	5,529
	6,572	9,045	4,793	5,609

The inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

18 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	26,199	31,709	22,339	29,448
Deposits with licensed financial institutions	38,246	25,033	29,528	18,519
Total deposits, cash and bank balances	64,445	56,742	51,867	47,967
Less: restricted cash	(5,362)	(4,310)	(5,362)	(4,310)
Less: deposits maturing more than three (3) months (restricted cash)	(166)	(147)	(166)	(147)
Cash and cash equivalents	58,917	52,285	46,339	43,510

The restricted cash is deposits maintained under financing facilities covenants and not available for general use.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	57,912	52,050	45,334	43,275
United States Dollar	6,533	4,692	6,533	4,692
	64,445	56,742	51,867	47,967

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

The Group's and the Company's effective weighted average interest rate of deposits at the end of the financial year is 2.90% (2022: 2.83%) per annum.

Deposits of the Group and of the Company have a range of maturity period of between 5 to 365 days (2022: 7 to 365 days).

The Company issued bank guarantees for performance bonds with a total amount of RM29,316,344 (2022: RM26,787,540).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

19 SHARE CAPITAL

	Group and Company			
	2023 Number of shares '000	2023 RM'000	2022 Number of shares '000	2022 RM'000
Ordinary shares issued and fully paid				
At 1 January and 31 December				
- ordinary shares of RM1.00 each	60,402	64,528	60,402	64,528

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

20 POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined contribution plan

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

Defined benefit plan

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

The latest actuarial valuation of the plan was carried out as at 13 February 2023. The net movement in the present value of defined benefit obligations during the financial year is as follows:

	Group and Company		
	Defined benefit obligation RM'000	Fair value of plan assets RM'000	Net defined benefit liability RM'000
At 1 January 2023	(5,852)	2,172	(3,680)
Charged to income statement:			
Service cost	(171)	(53)	(224)
Interest (cost)/income	(268)	94	(174)
	(439)	41	(398)
Charged to other comprehensive income:			
Actuarial (loss)/gain	(1,918)	219	(1,699)
Payment made:			
Contribution paid by the employer	0	350	350
Benefits paid	514	(514)	0
At 31 December 2023	(7,695)	2,268	(5,427)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

20 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit plan (continued)

The latest actuarial valuation of the plan was carried out as at 13 February 2023. The net movement in the present value of defined benefit obligations during the financial year is as follows: (continued)

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

Plan assets comprised the following:

	Group and Company			
	2023 RM'000	%	2022 RM'000	%
At 31 December				
Equity instruments	1,252	55	1,092	50
Government bonds	409	18	402	19
Cash and cash equivalents and others	607	27	678	31
Total	2,268	100	2,172	100

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

20 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit plan (continued)

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

	Group and Company	
	2023	2022
At 31 December		
Discount rate	4.2%	4.9%
Rate of price inflation	3.3%	3.3%
Expected rate of salary increases:		
- up to age 34	6%	6%
- from age 35 to 44	6%	6%
- from age 45 and above	3%	3%
Turnover (per annum):		
- up to age 44	2%	2%
- from age 45 to 54	2%	2%
- from age 54 and above	0%	0%
Retirement age:		
- normal retirement age, 60	50%	50%
- early retirement age, 55	50%	50%

Significant actuarial assumptions and sensitivity analysis

	Core assumption	Sensitivity analysis	Effect on defined benefit obligation RM'000
Discount rate	4.2%	1.0% decrease	2,461
Mortality	M1115 Life Tables	Age adjusted by + 1 year	(288)

Method and assumptions used in sensitivity analysis

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

The methods and assumptions used in prepared the sensitivity analysis did not change compared to the prior period.

21 LEASE LIABILITIES

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Minimum lease payments				
Repayable within 12 months	1,674	2,097	1,648	2,067
Repayable after 12 months:				
- between 1 and 2 years	2,032	1,658	2,032	1,631
- between 2 and 5 years	847	2,877	847	2,879
	4,553	6,632	4,527	6,577
Future finance charges on leases	(335)	(581)	(333)	(576)
Present value of the lease liability	4,218	6,051	4,194	6,001
Current	1,514	1,850	1,490	1,824
Non-current	2,704	4,201	2,704	4,177
	4,218	6,051	4,194	6,001

The lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default. The weighted average effective interest rate for lease liabilities is 4.94% (2022: 4.94%) per annum.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	6,051	1,896	6,001	1,819
Addition	0	5,783	0	5,783
Repayment of lease liabilities (included in cashflow from financing activities)	(2,080)	(1,703)	(2,051)	(1,673)
Non-cash changes:				
- finance cost on lease	247	75	244	72
At 31 December	4,218	6,051	4,194	6,001

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

21 LEASE LIABILITIES (CONTINUED)

Charged to statement of comprehensive income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Lease payment not recognised as liability:				
- expenses related to short-term lease	248	312	92	97

22 BORROWINGS

	Group and Company	
	2023 RM'000	2022 RM'000
Non-current		
Term financing – Secured	248	578
Current		
Banker Acceptance – Unsecured	10,204	6,439
Term financing – Secured	330	330
	10,534	6,769
Total borrowings	10,782	7,347

A building with the net book value of RM3,018,705 (2022: RM3,086,925) is charged to a financial institution for bank facility granted to the Group and the Company.

The average interest rate of short-term bank borrowings is at 4.83% (2022: 4.57%), and term financing is at 5.37% (2022: 5.37%).

The term financing of the Group and the Company is secured by way of a legal charged over the Company's property (Note 10).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023 (continued)

22 BORROWINGS (CONTINUED)

The remaining maturities of the borrowing as at 31 December 2023 and 2022 are as follows:

		Group and Company		
		Total	< 1 year	1 - 5 years
	Interest/profit rate	RM'000	RM'000	RM'000
31 December 2023				
Banker acceptance	variable rate	10,204	10,204	0
Term financing	floating on COF	578	330	248
		10,782	10,534	248
31 December 2022				
Banker acceptance	variable rate	6,439	6,439	0
Term financing	floating on COF	908	330	578
		7,347	6,769	578

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

	Group and Company	
	2023 RM'000	2022 RM'000
At 1 January	7,347	9,540
Drawdown of borrowings	28,689	20,808
Repayment of borrowings (included in cash flow from financing activities)	(25,254)	(23,001)
Payment of interest	(388)	(602)
Non-cash changes:		
- interest expense	388	602
At 31 December	10,782	7,347

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	69,314	69,242	69,302	69,042
Other payables	2,660	3,209	2,623	2,853
Payroll liabilities	1,588	1,637	862	916
Accruals	2,746	4,567	1,292	3,508
Amounts due to subsidiaries	0	0	13,047	6,194
	76,308	78,655	87,126	82,513

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	61,003	69,116	71,821	73,100
United States Dollar	15,305	9,539	15,305	9,413
	76,308	78,655	87,126	82,513

Credit terms of trade payables range from 7 to 90 days (2022: 7 to 90 days). The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

24 SIGNIFICANT RELATED PARTY DISCLOSURES

All related party transactions were entered into in the normal course of business and at prices at negotiated terms. The names of the related parties, nature of the transactions and their total value have been set out in accordance with the provision of MFRS 124 'Related Party Disclosures'. The nature of the transaction and relationships with the related parties are as follows:

Related parties	Nature of the relationship with related parties	Nature of transaction
VA Dynamics Sdn. Bhd.	Subsidiary of the Company	Sales/purchase of cabling, accounting services fee
Mesiniaga Digital Sdn. Bhd.	Subsidiary of the Company	Purchase of information technology services, accounting services fee, cost recharges
Mesiniaga Alliances Sdn. Bhd.	Subsidiary of the Company	Purchase of information technology services, accounting services fee

24 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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

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

	Company	
	2023 RM'000	2022 RM'000
Related party		
Loan to a key management personnel	80	0
Subsidiary companies		
Dividend received from a subsidiary	0	250
Purchase of information technology services from subsidiaries	(21,274)	(17,244)
Accounting services fees from subsidiaries	288	288
Cost recharged from a subsidiary	(17,290)	(16,005)

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

	Company	
	2023 RM'000	2022 RM'000
Amount due from a subsidiary	7,972	0
Amounts due to subsidiaries	13,047	6,194

The receivables from a subsidiary arise mainly from loan to a subsidiary and repayable is on demand. The receivables are unsecured in nature and bear no interest.

The payables to subsidiaries arise mainly from purchase transactions and repayable is on demand. The payables are unsecured in nature and bear no interest.

(c) Key management compensation

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

	Group and Company	
	2023 RM'000	2022 RM'000
Salaries and other short-term employee benefits	2,543	2,987
Defined contribution plan	336	425
	2,879	3,412

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023 (continued)

25 DIVIDENDS

Dividends paid during the financial year is as follows:

	Group and Company	
	2023 RM'000	2022 RM'000
In respect of the financial year ended 31 December 2022		
- Final single-tier dividend of RM0.05 per share, paid on 3 July 2023	3,020	0
- Interim single-tier dividend of RM0.05 per share, paid on 26 May 2022	0	3,020

A first and final single-tier dividend of RM0.025 per share amounting to RM1,510,050 in respect of the financial year ended 31 December 2023 has been proposed by the Directors subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting. The first and final single-tier dividend, if approved, will be paid on 3 July 2024.

26 CAPITAL COMMITMENT

Capital commitments for the Group and the Company in respect of property, plant and equipment not provided for as of 31 December 2023 are as follows:

	Group and Company	
	2023 RM'000	2022 RM'000
Authorised and contracted for	1,085	0

27 SUBSEQUENT EVENTS

In February 2017, Amanah Raya Berhad ("ARB") initiated legal proceedings in the High Court of Kuala Lumpur, alleging that the Company breached the contract to deliver to ARB the Amanah Raya Integrated System. ARB claimed damages in the sum of RM8,228,975 for payments already made to the Company under the contract. The Company then filed its counterclaim against ARB for RM18,651,594 being the total sum for unpaid invoices, additional costs incurred and balance purchase price under the said contract.

On 14 December 2023, the High Court ruled in favour of the Company and partially allowed the Company's counterclaim. The amount awarded to the Company was RM6,638,396 plus costs of RM200,000.

On 12 January 2024, ARB filed the Notice of Appeal against the High Court judgement of 14 December 2023.

On 18 January 2024, ARB remitted the sum of RM6,879,183 to the Company appointed solicitors, Cheah Teh Su Advocate & Solicitors, which the Company received on 22 January 2024 and subsequently recorded as advance payment received in trade and other payables.

On 15 March 2024, ARB served the Company's appointed solicitors, Cheah Teh Su Advocate & Solicitors with the Record of Appeal.

On 25 March 2024, the Company's appointed solicitors, Cheah Teh Su Advocate & Solicitors have filed in Court and served ARB with the notice of Cross-Appeal. The matter is now pending at the Court of Appeal.

28 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 29 March 2024.

Properties Owned by the Group

As at 31 December 2023

Address	Description	Usage	Tenure	Terms of Tenant's Leases or Under Leases	Appropriate Age	Net Book Value (RM'000)
Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor	Commercial land comprising of 15-storey office building	Office building	Freehold	Nil	Thirty (30) years	29,781
5-G-9, Persiaran Mahsuri, Bandar Bayan Baru, 11900 Bayan Lepas, Pulau Pinang	4 Storey Shop	Office building	Leasehold	Nil	Eleven (11) years	3,019

Shareholding Statistics

Shareholding Structure as at 18 March 2024

Issued and Paid-up Capital : 60,402,000

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

Analysis of Holdings as at 18 March 2024

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 to 99	65	2.908	1,624	0.003
100 to 1,000	866	38.747	735,561	1.218
1,001 to 10,000	1,051	47.025	4,490,247	7.434
10,001 to 100,000	210	9.396	5,766,680	9.547
100,001 to 3,020,099 (Less than 5% of issued shares)	35	1.566	15,989,580	26.472
3,020,100 and above (5% and above of issued shares)	2	0.089	21,891,841	36.244
Directors' Shareholdings	6	0.268	11,526,467	19.083
Total	2,235	100.00	60,402,000	100.00

Substantial Shareholders as at 18 March 2024

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

Directors Direct and Deemed Interests as at 18 March 2023

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

Shareholding Statistics

30 Largest Shareholders as at 18 March 2024

No.	Names	Holdings	%
1	Shapadu Capital Sdn. Bhd.	16,879,800	27.946
2	Fathil Sulaiman Bin Ismail	7,747,927	12.827
3	Safiah Sulaiman Binti Ismail	5,012,041	8.298
4	Wan Mohamed Fusil Bin Wan Mahmood	1,800,000	2.980
5	Hor Yee @ Ho Cheong Fatt	1,728,940	2.862
6	Nor Hafifah Binti Mohd Puzi	1,319,646	2.185
7	Nor Zaliza Binti Mohd Puzi	1,289,648	2.135
8	CIMB Islamic Trustee Berhad <Wan Mohamed Fusil Bin Wan Mahmood>	1,000,000	1.656
9	Wong Ta Nooy @ Wong Keng Yong	1,000,000	1.656
10	Sri Susayati Binti Ramlan	990,000	1.639
11	Public Invest Nominees (Asing) Sdn. Bhd. <Pledged Securities Account for Muhamad Aloysius Heng (M)>	944,000	1.563
12	Aimi Khalidah Binti Mohd Puzi	869,646	1.440
13	Lim Poh Tiong	860,000	1.424
14	Ching Heng Zee	610,000	1.010
15	Yee Men Fong	600,000	0.993
16	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <Pledged Securities Account for Teh Swee Heng (MM1118)>	585,000	0.969
17	Wan Mohamed Fusil Bin Wan Mahmood	475,940	0.788
18	Lim Poh Tiong	460,000	0.762
19	Lee Kok Hin	458,100	0.758
20	Low Lay Ping	400,000	0.662
21	Toh Ying Choo	396,000	0.656
22	Voon Seng Chuan	308,500	0.511
23	Abdul Hamid Shaikh Bin Abdul Razak Shaikh	303,600	0.503
24	Khor Keng Saw @ Khaw Ah Soay	279,300	0.462
25	Nur Aliyah Binti Abdullah	258,800	0.428
26	Lai Yock Ching	227,100	0.376
27	Siew Kim Man	203,500	0.337
28	Goh See Wee	200,000	0.331
29	Khalijah @ Khadijah Binti Jamari	200,000	0.331
30	Maybank Nominees (Tempatan) Sdn. Bhd. <Chua Eng Ho Wa'a @ Chua Eng Wah>	196,600	0.325

Notice of the Forty-Second (42nd) Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second (42nd) Annual General Meeting of the Company will be held at 1st Floor, Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 4 June 2024 at 2.30 p.m. for the following purposes:-

Agenda

1. To receive the Audited Financial Statements for the year ended 31 December 2023 together with the Directors' Report and the Independent Auditors' Report thereon.

2. To declare a first and final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2023. **Resolution 1**

3. To approve the payment of Directors' Remuneration of up to RM580,000 to the Non-Executive Directors for the year ending 31 December 2024. **Resolution 2**

4. To re-elect the following Directors, each of whom retires by rotation in accordance with Article 104 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-

   a. Sim Hong Kee (Independent Non-Executive Director) **Resolution 3**
   b. Zaim Husni bin Omar (Non-Independent Non-Executive Director) **Resolution 4**

5. To re-appoint Messrs. PricewaterhouseCoopers PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

BY ORDER OF THE BOARD

DEBORAH SHARMINI BENJAMIN (MAICSA 7077164)
Company Secretary
Subang Jaya
29 April 2024

Note:

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Forty-Second (42nd) Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 28 May 2024. Only a depositor whose name appears on the Record of Depositors as at 28 May 2024 shall be entitled to attend and vote at the meeting, as well as for the appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
4. All forms of proxy must be deposited at the Company's Share Registrar's Office at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via email at bsr.helpdesk@boardroomlimited.com not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
5. You are required to read and adhere to the **Administrative Guide** issued in the annual report on page 137 and published on the Company's website at https://mesiniaga.com.my/annual-general-meeting/

Statement Accompanying Notice of the Forty-Second (42nd) Annual General Meeting

1) **Declaration of a First and Final Single-Tier Dividend.**

According to Section 131 of the Companies Act 2016 ("CA 2016"), a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 29 February 2024, the Board considered the proposed amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 3 July 2024 in accordance with the requirements under Sections 132(2) and (3) of the CA 2016.

2) **Payment of Directors' Remuneration of up to RM580,000 to the Non-Executive Directors for the year ending 31 December 2024.**

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

The proposal is made upon benchmarking against selected peer companies in the IT industry with similar market capitalisation, revenue or profit before tax.

The payment of the Directors' fees totalling RM580,000 in respect of the financial year ending 31 December 2024 will only be made if the proposed Resolution 2 is approved by the Company shareholders at this meeting pursuant to Section 230(1)(b) of the CA 2016.

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

a. Sim Hong Kee (Independent Non-Executive Director)
b. Zaim Husni bin Omar (Non-Independent Non-Executive Director)

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

Directors subject to re-election pursuant to Article 104	Statement of Support by the Board
Sim Hong Kee	1. His wealth of experience gained through senior positions in various functional areas, including and especially in finance and governance, are valuable in serving the needs of the Company. 2. He has demonstrated independence, impeccable integrity, and has actively and constructively participated in the Board's deliberations and decision-making process. 3. He has continuously attended various seminars and conferences to stay abreast of changes in regulations and development in the industry which may affect the Company. 4. He is not involved in any potential conflict of interest that might adversely affect his ability to perform his duties properly.

Statement Accompanying Notice of the Forty-Second (42nd) Annual General Meeting

Zaim Husni bin Omar	1. His wealth of experience in strategic planning and investment gained through holding senior positions in different industries has brought broader insights and perspectives to the Management and the Board. 2. He has demonstrated active participation in the Board's deliberations and decision-making process. 3. He is not involved in any potential conflict of interest that might adversely affect his ability to perform his duties properly.

4) **The Forty-Second (42nd) Annual General Meeting of the Company will be held at 1st Floor, Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 4 June 2024 at 2.30 p.m.**

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

a. Sim Hong Kee (Independent Non-Executive Director) – page 17
b. Zaim Husni bin Omar (Non-Independent Non-Executive Director) – page 20

Both Sim Hong Kee and Zaim Husni bin Omar do not hold any securities in the Company.

BY ORDER OF THE BOARD

DEBORAH SHARMINI BENJAMIN (MAICSA 7077164)
Company Secretary
Subang Jaya
29 April 2024

Administrative Guide

Administrative Guide for the Forty-Second Annual General Meeting ("42nd AGM") of Mesiniaga Berhad ("Company")

Date : 4 June 2024 (Tuesday)
Time : 2.30 p.m.
Venue : 1st Floor, Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1
47500 Subang Jaya, Selangor Darul Ehsan

(I) PUBLIC HEALTH PRECAUTIONS AND PREVENTIVE MEASURES

The Company takes the well-being of all stakeholders, including employees, shareholders, proxies, customers, suppliers and service providers seriously and precautionary measures will be taken at the 42nd AGM in order to minimise the risk of community spread of COVID-19.

If you have been in contact with a COVID-19 affected person or if you are unwell with sore throat, flu, fever, cough, shortness of breath or any symptoms of the COVID-19, please quarantine yourself at home. You are encouraged to appoint a proxy or the Chairman of the meeting to attend and vote at the 42nd AGM on your behalf.

All attendees are advised to keep abreast with the latest news and safety precautions directed by the authorities from time to time. The Company encourages all attendees to wear a mask throughout the 42nd AGM.

Due to the constantly evolving COVID-19 situation in Malaysia, we may have to change the arrangement of our 42nd AGM at short notice. Kindly check the Company's website or announcements released to Bursa Malaysia from time to time for the latest updates on the status of the 42nd AGM.

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

(II) REGISTRATION

The registration counter will be opened at 12.30 p.m. on Tuesday, 4 June 2024, at 1st Floor, Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Attendees are requested to produce/display their original National Registration Identity Card (NRIC) or Passport (for non-Malaysian) to the registration staff for verification purposes. Kindly ensure that your original NRIC or Passport is returned to you thereafter. Please take note that no person will be allowed to register on behalf of another person, even with the original NRIC or Passport of that person.

Upon verification, attendees are required to write their names and sign the Attendance List placed on the registration table.

Attendees will also be given an identification wristband with a personalised passcode for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. A replacement for the identification wristband will not be issued should you lose or misplace it.

Administrative Guide

(III) ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only shareholders whose name appears on the Record of Depositor as of 28 May 2024 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

(IV) APPOINTMENT OF PROXY(IES)

A shareholder who is unable to attend the 42nd AGM on Tuesday, 4 June 2024 may appoint proxy and indicate the voting instructions in the proxy form. Please deposit the proxy form with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, you have the option of submitting the proxy form electronically via e-mail at bsr.helpdesk@boardroomlimited.com.

The last date and time for lodging the proxy form is on **Sunday, 2 June 2024 at 2.30 p.m.**

(V) VOTING PROCEDURES

The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. All resolutions set out in the Notice of 42nd AGM will be put to vote by way of poll. Boardroom Share Registrars Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process. The Independent Scrutineers will verify the results of the poll thereafter.

(VI) ENQUIRY

If you have any enquiries prior to the 42nd AGM, please contact our Share Registrar during office hours on Monday to Friday, from 9.00 a.m. to 5.00 p.m. (except on public holidays):-

Boardroom Share Registrars Sdn. Bhd.
[Registration No. 199601006647 (378993-D)]

Address	:	11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan
General Line	:	+603-7890 4700
E-mail	:	bsr.helpdesk@boardroomlimited.com

Proxy Form

FOR 42ND ANNUAL GENERAL MEETING

Mesiniaga

MESINIAGA BERHAD
Registration No.: 198101013112 (79244-V)
(Incorporated in Malaysia)

Number of Shares Held	
CDS Account No.	- -

I/We,____________________________________NRIC/Passport/Registration No.____________
(FULL NAME AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

(Tel No.:__________________) of____________________________________

____
(FULL ADDRESS)

Being member(s) of MESINIAGA BERHAD, hereby appoint the following:-

Proxy 1	
Full Name of Proxy as per NRIC/Passport	
NRIC/Passport No.	
Proportion of Shareholdings (%)	

and/or failing him/her;

Proxy 2	
Full Name of Proxy as per NRIC/Passport	
NRIC/Passport No.	
Proportion of Shareholdings (%)	

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Forty-Second (42nd) Annual General Meeting of the Company, to be held at **1st Floor, Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan (Tel: +603-5635 8828) on Tuesday, 4 June 2024 at 2.30 p.m.** and at any adjournment thereof.

The proxy is to vote on the resolutions set out in the Notice of Meeting as indicated, with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

No.	Resolution	For	Against
1	First and Final single-tier dividend of 2.5 sen per ordinary shares for the financial year ended 31 December 2023		
2	Approval of Non-Executive Directors' remuneration for the year ending 31 December 2024		
3	Re-election of Sim Hong Kee as Independent Non-Executive Director		
4	Re-election of Zaim Husni bin Omar as Non-Independent Non-Executive Director		
5	Re-appointment of Messrs. PricewaterhouseCoopers as Auditors		

Dated this ________________ day of ______________, 2024

____
Signature/Common Seal of Shareholders

Note:-

For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Forty-Second (42nd) Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 28 May 2024. Only a depositor whose name appears on the Record of Depositors as at 28 May 2024 shall be entitled to attend and vote at the meeting as for appointment of proxy(ies) to attend and vote on his/her stead.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney. All forms of proxy must be deposited at the Company's Share Registrar's Office at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via email at bsr.helpdesk@boardroomlimited.com not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

First fold

AFFIX STAMP

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

Second fold

Mesiniaga

Mesiniaga Berhad
198101013112 (79244-V)

Menara Mesiniaga
1A, Jalan SS16/1
47500 Subang Jaya
Selangor Darul Ehsan
Tel : 03-5635 8828

www.mesiniaga.com.my