2023 I Annual Report

CONQUERING NEW FRONTIERS

EMBARK ON A SPECTACULAR JOURNEY

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Appendix I

Proxy Form

Infoline

3RD ANNUAL GENERAL MEETING

Venue:

Agate Room
AVANTÉ Hotel
1, Persiaran Bandar Utama,
Bandar Utama,
47800, Petaling Jaya,
Selangor

Date:

31 May 2024

Time:

10:00 a.m.

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ABOUT US

OUR MISSION

To provide the best technological support, infrastructure, and knowledge to enhance performance and propel the growth of our clients' establishments with our range of world-class IT assets and solutions.

OUR VISION

All businesses compete on a level playing field where the heart of their interests, services and products can be represented at their best through the digital age without compromise.

Infoline

OUR PROMISE

- Professional Service
- Bespoke
- Turnkey
- Quick Turnaround Time

VALUE-ADDED SERVICE

- Timely Response
- Efficient Customer Care
- Holistic Corporate Security

FACTS AT A GLANCE

INFOLINE'S 3 PILLARS OF SERVICES

We offer holistic IT Solutions ranging from Server Solutions, Storage Solutions, and Networking Solutions, complete with turnkey hardware products and bespoke services to cater to your every need – from inception to execution.

Our Group is principally involved in the following business segments:-

- IT INFRASTRUCTURE SOLUTIONS
- CYBER SECURITY SOLUTIONS
- MANAGED IT SERVICES & OTHER IT SERVICES
- TRADING OF ANCILLARY HARDWARE AND SOFTWARE

16 years' worth of industrial experience

Our Group is a leading services and value-added solutions provider supporting our customers, in various industry such as:-

1. Multinational Enterprises
2. Small & Medium Enterprises
3. Education
4. Telco

We place our clients at the heart of our business, serving their needs and building their IT infrastructures like our own. In return, clients place their trust in the Group to deliver services and infrastructures to propel their establishments forward.

We are a leading services and value-added solutions provider in Asia-Pacific ("**APAC**"), headquartered in Malaysia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

NOR AZZAM BIN ABDUL JALIL
Independent Non-Executive Chairman (retired on 19.6.2023)

ANG SENG WONG
Independent Non-Executive Chairman (appointed on 9.1.2024)

CHOO WEI CHUEN
Non-Independent Executive Director / Chief Executive Officer

LOO WAI HONG
Non-Independent Executive Director / Chief Operating Officer

TOO YIT MENG
Non-Independent Executive Director / Chief Marketing Officer

TAN MUI PING
Independent Non-Executive Director

OLIVIA LIM
Independent Non-Executive Director

ALWIZAH AL-YAFII BINTI AHMAD KAMAL
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Committee Chairman
Tan Mui Ping

Committee Members
Alwizah Al-Yafii binti Ahmad Kamal
Olivia Lim

NOMINATING COMMITTEE

Committee Chairman
Alwizah Al-Yafii binti Ahmad Kamal

Committee Members
Olivia Lim
Tan Mui Ping

REMUNERATION COMMITTEE

Committee Chairman
Olivia Lim

Committee Members
Alwizah Al-Yafii binti Ahmad Kamal
Tan Mui Ping

COMPANY SECRETARIES

Chew Kit Yee
(appointed on 1.1.2024)
Professional qualification: MAICSA 7067474
SSM Practicing Certificate No.: 202208000376

Yeow Sze Min
(appointed on 1.1.2024)
Professional qualification: MAICSA 7065735
SSM Practicing Certificate No.: 201908003120

Rebecca Kong Say Tsui
(resigned on 31.12.2023)
Professional qualification: MAICSA 7039304
SSM Practicing Certificate No.: 202008001003

Leela A/P Suresh Kee See Leng
(resigned on 31.12.2023)
Professional qualification: MAICSA 7069589
SSM Practicing Certificate No.: 201908001962

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : +603 2084 9000
Fax. No. : +603 2094 9940 / +603-2095 0292
Email address : info@sshsb.com.my

HEAD OFFICE

No. 53-3, Jalan PJU 5/20E
Pusat Perdagangan Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : +603 6148 0890
Fax. No. : +603 6148 0891
Email address : info@infolinegroup.com
Website : www.infolinetec.com

AUDITORS

Crowe Malaysia PLT
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : +603 2788 9999
Fax. No. : +603 2788 9998

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 2084 9000
Fax : +603 2094 9940 / +603-2095 0292
Email address : info@sshsb.com.my

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : INFOTEC
Stock Code : 0253
Sector Classification : Technology
Subsector Classification : Digital Services

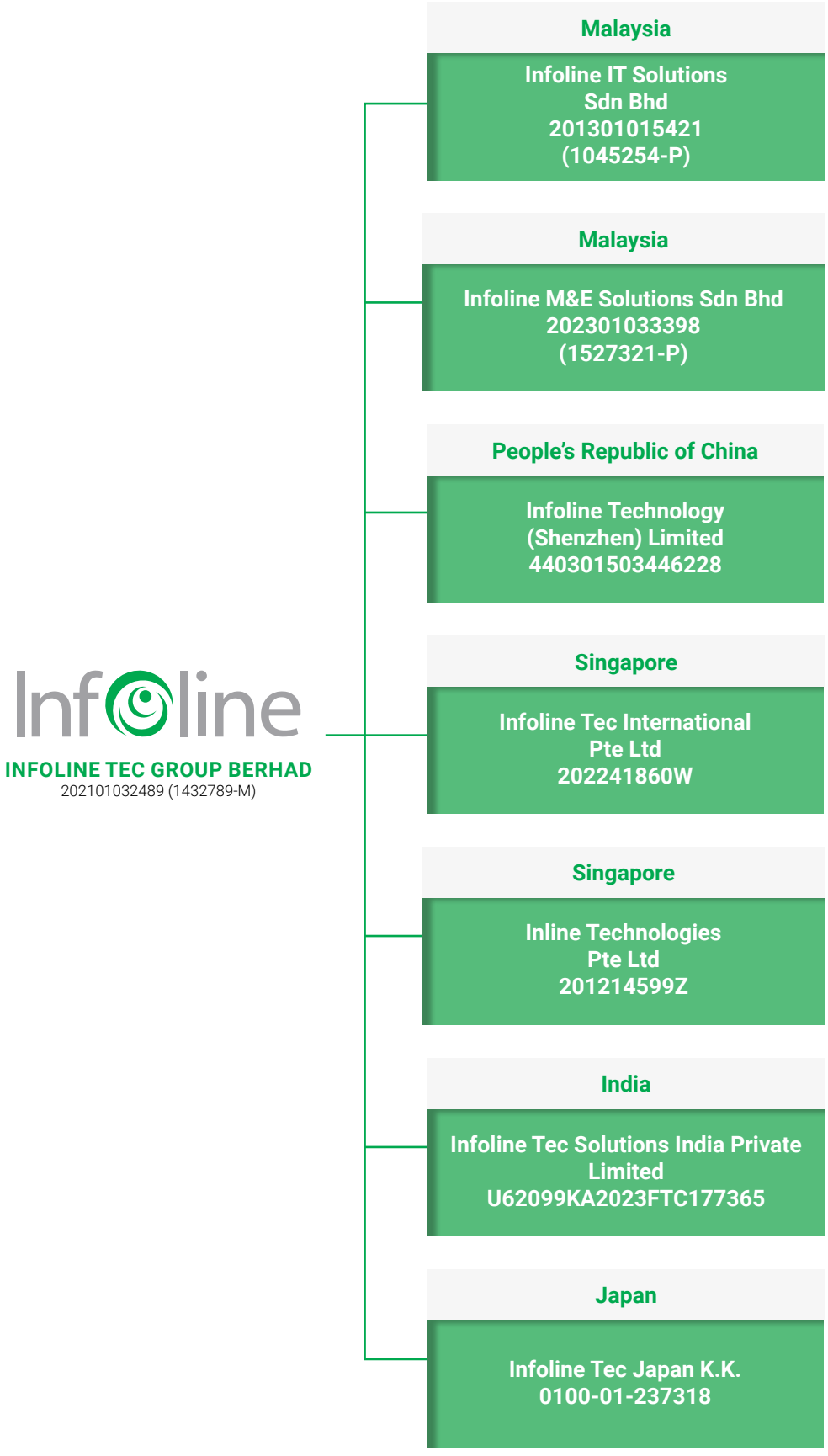
INVESTORS RELATIONS

Email: info@infolinegroup.com
Tel. No. : +603 6148 0890
Fax. No. : +603 6148 0891

SPONSOR

MIDF Amanah Investment Bank Berhad
Level 25, Menara MBSB Bank
PJ Sentral Lot 12
Persiaran Barat, Seksyen 52
46200 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : +603 2173 8888
Fax. No. : +603 2173 8777

CORPORATE STRUCTURE



CORPORATE MILESTONES

2013

Commenced providing:
- IT infrastructure solutions
- Cybersecurity solutions
- IT services - project delivery and management services

2014

Ventured into managed IT services.

2015

Commenced operations in China via Infoline Technology (Shenzhen) Limited

2017

Set up a Network Operation Centre ("**NOC**") to grow our business in managed network services

2018 - 2020

Expanded the offerings of cybersecurity solutions by including:
- Application delivery controllers (2018)
- Network access control (2019)
- Design and implementation of cloud security (2020)

2021

- Ventured into managed cybersecurity services
- Obtained the ISO / IEC 27001: 2013 certification for the provision of managed services through our NOC

2022

- Infoline Tec Group Berhad debuted on the ACE Market of Bursa Malaysia Securities Berhad on 13 July 2022
- Expanded to Singapore via Infoline Tec International Pte Ltd

2023

- Expanded to Japan via Infoline Tec Japan K.K.
- Expanded to India via Infoline Tec Solutions India Private Limited
- Acquired a company in Singapore namely Inline Technologies Pte Ltd
- Set up Security Operation Centre and Technology Centre to grow our business

PERFORMANCE

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ACCREDITATIONS AND AWARDS

1 **Platinum Partner Certification (By F-Secure Corporation)**
Year : 2019
Category : Cybersecurity

2 **Partner of the Year 2020 (By Panduit Network)**
Year : 2020

3 **Partner of the Year 2021 (By Panduit Network)**
Year : 2021

4 **Rising Star Partner of the Year 2022 (By Palo Alto Networks)**
Year : 2022
Category : Cybersecurity

5 **Top Partner of the Year 2023 (By HPE Aruba)**
Year : 2023
Category : Data Centre Networking

EVENT HIGHLIGHTS

Team Building
IN PHUKET

Event:	**Digital Service Day in Kuala Lumpur : Infoline Tec Group (INFOTEC MK)**	
Location(s):	ACE Conference Centre, Bangunan AICB	
Delegation Team		
Contact	Email	Contact No
Mr Choo Wei Chuen	wcchoo@infolinegroup.com	
Mr Loo Wai Hong	waihong.loo@infolinegroup.com	
Mr Tao Yit Meng	arthurtao@infolinegroup.com	
Ms Fay Toh	faytoh@infolinegroup.com	
Mr Tony Foong	tonyfoong@infolinegroup.com	
Coordinator(s)		
Contact	Email	Contact No
Loke Su Yen	suyen@maybank-ib.com	(M)+60 12 2872389
Rafiqa Khalid	rafiqa@maybank-ib.com	(M)+60 19 2291929
Anis Amira	anis.bahseri@maybank-ib.com	(M)+60 16 6071891
14 September 2023 (Thursday)		**Venue / Notes**
Kuala Lumpur **09:30 - 10:20** Group	**Amara Investment Management Sdn Bhd** Paper Lee **BCT Asia Advisory Sdn Bhd** Lim Boon Ngee **Coston-Smith Asset Management Sdn Bhd** Catherine Chan **Franklin Templeton Asset Management Sdn Bhd** Mohd Ismar Isqandar Mohd Izhar **KAF Investment Funds Berhad** Tan Gan Leong **Phillip Capital Management Sdn Bhd** Hazlin Omar Low Chin Hong Mutiara Zulkifli	ACE M.03, Level M
Kuala Lumpur **10:30 - 11:20** Group	**Aberdeen Asset Management Sdn Bhd** Muhammad Muzhafar Mohd Mukhtar **Amfunds Managemnet Berhad** Helen Tan	ACE M.03, Level M

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Investment Briefing

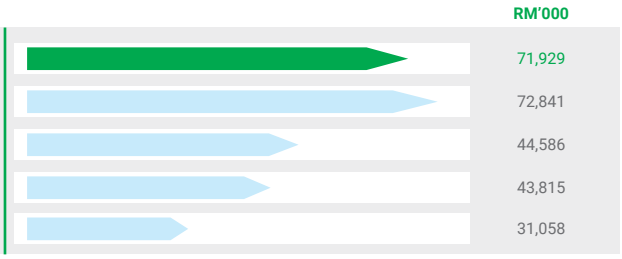
Security Operation Centre
LAUNCH CEREMONY

5-YEAR GROUP FINANCIAL HIGHLIGHTS

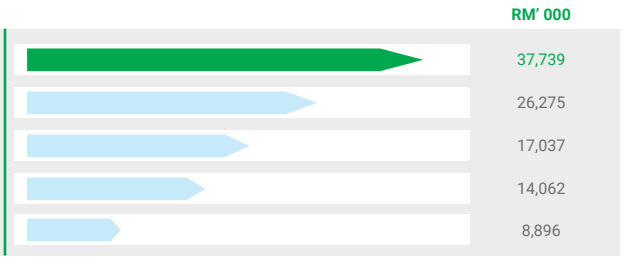
	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	**71,929**	72,841	44,586	43,815	31,058
Cost of Sales	**(34,190)**	(46,566)	(27,549)	(29,753)	(22,162)
Gross Profit ("GP")	**37,739**	26,275	17,037	14,062	8,896
Profit Before Tax ("PBT")	**24,878**	16,668	10,527	9,302	4,411
Profit After Tax ("PAT")	**18,345**	12,118	7,796	7,046	3,801
GP Margin (%)[1]	**52.5**	36.1	38.2	32.1	28.6
PBT Margin (%)[2]	**34.6**	22.9	23.6	21.2	14.2
PAT Margin (%)[2]	**25.5**	16.6	17.5	16.1	12.2
Gearing Ratio (times)[3]	**0.01**	0.01	0.01	0.02	0.19
Current Ratio (times)[4]	**3.69**	3.24	2.54	1.88	1.49

Notes:
[1] GP margin is computed based on GP over revenue for the financial year.
[2] PBT margin and PAT margin are computed based on the respective PBT and PAT for the financial years over revenue.
[3] Gearing ratio is computed based on total borrowings over total equity as at each financial year.
[4] Current ratio is computed based on current assets over current liabilities as at each financial year.

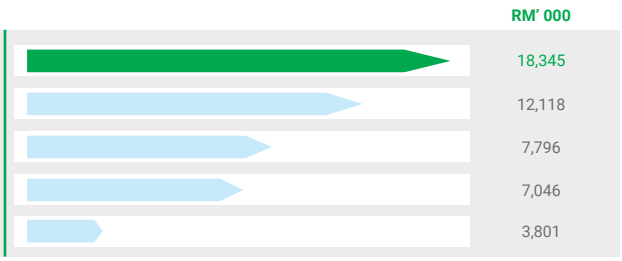
REVENUE (RM'000)



GROSS PROFIT (RM'000)



PROFIT AFTER TAX (RM'000)



OUR LEADERSHIP

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BOARD OF DIRECTORS & SENIOR MANAGEMENT

1 KOAY HEAN JIN

Chief Technical Officer

2 OLIVIA LIM

Independent Non-Executive Director
Remuneration Committee (Chairman)
Audit and Risk Management Committee (Member)
Nominating Committee (Member)

3 TOO YIT MENG

Non-Independent Executive Director
/ Chief Marketing Officer

4 LOO WAI HONG

Non-Independent Executive Director
/ Chief Operating Officer

5 ANG SENG WONG

Independent Non-Executive Chairman

6 CHOO WEI CHUEN

Non-Independent Executive Director
/ Chief Executive Officer

7 ALWIZAH AL-YAFII BINTI AHMAD KAMAL

Independent Non-Executive Director
Nominating Committee (Chairman)
Audit and Risk Management Committee (Member)
Remuneration Committee (Member)

8 FOONG CHONG THONG

Chief Financial Officer

9 TAN MUI PING

Independent Non-Executive Director
Audit and Risk Management Committee (Chairman)
Nominating Committee (Member)
Remuneration Committee (Member)

BOARD OF DIRECTORS' PROFILE

ANG SENG WONG

Independent Non-Executive Chairman	
Nationality	Malaysian
Age/Gender	62/Male
Date of Appointment	9 January 2024

Ang Seng Wong, a Malaysian, male, aged 62, is our Independent Non-Executive Chairman. He was appointed to the Board of Directors ("**Board**") on 9 January 2024. He has an education background of a Degree of Bachelor of Arts (Sociology) and Bachelor of Business (Banking and Finance) from Chisholm institute of Technology, Melbourne, Australia. Also, he has obtained Master of Business Administration from Cardiff Metropolitan University, United Kingdom.

He began his career as an accountant in Melbourne, Australia in 1986. Upon his return to Malaysia in 1989, Mr. Ang served as the Finance Director for a Taiwanese Printed Circuit Board and Printed Circuit Board Assembly firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Director for an international plastics entity. He was also appointed as an Executive Director for a listed electronics company. In his professional capacity, he has extensive senior management experience locally and internationally.

In addition, he is involved in conducting public and in-house programs for well-known companies such as Petronas, Telekom, NEC Corporation of Malaysia Sdn. Bhd., Maxis, DRB-Hicom, Pantai Group, Columbia Hospital, MISC Berhad, Sabic Innovative Plastics (M) Sdn. Bhd. etc. in Malaysia, Singapore, Thailand and Philippines. He is also a certified Human Resources Development Corporation and Leonard Personality Inventory trainer and has lectured in University Malaya for the European Union Officers, Asia e University and University Malaysia Pahang for the Executive Masters program, Open University Malaysia, Universiti Teknologi Malaysia and Saudi General Organization for Technical Education and Vocational Training.

He is currently the Non-Independent Non-Executive Director of EG Industries Berhad, Independent Non-Executive Chairman of CPE Technology Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Director of Life Water Berhad, a non-listed public company.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest with the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

CHOO WEI CHUEN

Non-Independent Executive Director / Chief Executive Officer

Nationality	**Malaysian**
Age/Gender	**45/Male**
Date of Appointment	**1 November 2021**

Choo Wei Chuen, a Malaysian, male, aged 45, is our Non-Independent Executive Director and Chief Executive Officer. He was appointed to the Board on 1 November 2021. He is responsible for business development as well as the overall strategic and general management of the Group.

He graduated with a Diploma in Telecommunication & Computer from Kolej Damansara Utama, Malaysia, in June 1999.

He began his career with Telshine Network System Sdn Bhd as Assistant Engineer in July 1999 where he was part of the operations and maintenance team at Kuala Lumpur International Airport and was responsible for the passenger check-in processing system. In February 2000, he was promoted as Telecommunication Engineer where he was responsible for the support and maintenance of unified communication system for the clients of Telshine Network System Sdn Bhd.

In April 2002, he left Telshine Network System Sdn Bhd and joined ECS Pericomp Sdn Bhd as Services Maintenance Sales Executive where he was responsible for new and renewal services maintenance support. In December 2002, he left ECS Pericomp Sdn Bhd and later joined Directron Sdn Bhd as Assistant Sales Manager in January 2003 where he was responsible for new and renewal software sales support.

In December 2003, he left Directron Sdn Bhd to join Infoline Technology Sdn Bhd, which he co-founded in July 2003 with other shareholders. He held the position of director and was responsible for the operations, financial control, sales, projects, customer support as well as management of the company. Infoline Technology Sdn Bhd became inactive since 2015. In September 2018, he resigned as the director and sold his stake in Infoline Technology Sdn Bhd to a third party not connected to him. Subsequently, Infoline Technology Sdn Bhd was renamed to Infinitum Technologies Sdn Bhd in September 2018 under the new owner.

Meanwhile, he was appointed as a supervisor in Infoline Technology (Shenzhen) Limited ("**Infoline Shenzhen**") in January 2013 and was appointed as a director of Infoline Technology Limited in May 2014, where he was responsible for overall management of the company. Infoline Shenzhen was a wholly-owned subsidiary of Infoline Technology Limited then. Subsequently, he acquired the entire shareholdings in Infoline Technology Limited in August 2015. In December 2018, he resigned from his position as the supervisor and was appointed as the director of Infoline Shenzhen. He was responsible for business development and general management of Infoline Shenzhen. In December 2019, he acquired the entire shareholdings in Infoline Shenzhen from Infoline Technology Limited. For clarity, Infoline Shenzhen and Infoline Technology Limited are not related to Infoline Technology Sdn Bhd (now known as Infinitum Technologies Sdn Bhd). In August 2020, he resigned as the director and sold his stake in Infoline Technology Limited to a third party not connected to him. Subsequently, Infoline Technology Limited was renamed to Akima ICT Limited in June 2021 under the new owner.

In June 2016, he joined Infoline IT Solutions Sdn Bhd ("**Infoline Solutions**") and was appointed a director where he was responsible for the business development as well as the overall strategic and general management of the company. In October 2018, he acquired the entire shareholdings in Infoline Solutions from the then existing shareholders. In June 2021, he was reassigned as the Chief Executive Officer of Infoline Solutions where he assumes his current responsibilities.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed issuers. He is a substantial shareholder of the Company.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest with the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

LOO WAI HONG

Non-Independent Executive Director / Chief Operating Officer	
Nationality	Malaysian
Age/Gender	45/Male
Date of Appointment	1 November 2021

Loo Wai Hong, a Malaysian, male, aged 45, is our Non-Independent Executive Director and Chief Operating Officer. He was appointed to the Board on 1 November 2021. He is responsible for the operational management and project delivery of the Group.

He obtained an Advanced Diploma in Science from Tunku Abdul Rahman College, Malaysia, in March 2002, and subsequently obtained a Bachelor of Science (Business Information System) from Campbell University, United States of America, in June 2002.

He has over 18 years of experience in the ICT industry with various roles in technical, channel sales, enterprise sales lead as well as board management. He began his career with Ftec Resources Sdn Bhd as Technical Sales Executive in May 2002 where he was responsible for maximising sales of products within a specified account and ensuring that sales target is achieved.

In February 2004, he left Ftec Resources Sdn Bhd and joined Ingram Micro Malaysia Sdn Bhd as Channel Executive in March 2004 where he was responsible for channel sales and account management of the company. He was promoted to Senior Channel Manager in September 2009 where he was responsible for leading the enterprise team to achieve sales quota of the company. During his tenure in the company, he was awarded the Million Ringgit Profit Quarterly contributor in 2010 and 2011, as well as the Top Cisco Revenue Contributor in 2010.

In April 2012, he left Ingram Micro Malaysia Sdn Bhd and joined Infoline Technology Sdn Bhd as General Manager in the same month where he was responsible for the operational management and sales of Infoline Technology Sdn Bhd. In May 2013, he left Infoline Technology Sdn Bhd and founded Infoline Solutions in the same month. He was appointed as director, where he was responsible for the overall operations and project delivery of Infoline Solutions. In September 2017, he was appointed as General Manager responsible for the operational management as well as sales of Infoline Shenzhen. In March 2018, he was appointed as the supervisor of Infoline Shenzhen. In June 2021, he was reassigned as the Chief Operating Officer of Infoline Solutions where he assumes his current responsibility.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed issuers. He is a substantial shareholder of the Company.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest with the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

TOO YIT MENG

Non-Independent Executive Director / Chief Marketing Officer

Nationality	**Malaysian**
Age/Gender	**39/Male**
Date of Appointment	**1 November 2021**

Too Yit Meng, a Malaysian, male, aged 39, is our Non-Independent Executive Director and Chief Marketing Officer. He was appointed to the Board on 1 November 2021. He is responsible for formulating sales plans and strategies for Malaysian market, supervising account managers, setting sales targets and managing relationships with Principals, business partners and key customers.

He graduated with a Bachelor of Science Network Computing from Napier University, Edinburgh, United Kingdom in December 2005.

He began his career as a System Engineer with NH2 System Sdn Bhd in January 2006 where he was responsible for implementing network solutions, maintaining operating systems, application systems, application software and system management tools, and technical support. He left NH2 System Sdn Bhd and joined Ingram Micro (M) Sdn Bhd as a Business Development Executive in September 2009 where he was responsible for business development and sales strategy.

In February 2012, he left Ingram Micro (M) Sdn Bhd and joined Infoline Technology Sdn Bhd as an Account Manager where he was responsible for developing sales and networking strategies. In May 2013, he left Infoline Technology Sdn Bhd and joined Infoline Solutions as Business Development Manager in June 2013 where he was responsible for formulating sales strategy, keeping abreast with market developments and managing relationships with Principals, business partners, suppliers and customers.

In March 2020, he was promoted to the position of Head of Sales and was subsequently redesignated as Chief Marketing Officer in June 2021 where he assumes his current responsibilities. In September 2021, he was appointed as a director of Infoline Solutions.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest with the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

TAN MUI PING

Independent Non-Executive Director
Audit and Risk Management Committee (Chairman)
Nominating Committee (Member)
Remuneration Committee (Member)

Nationality	**Malaysian**
Age/Gender	**48/Female**
Date of Appointment	**1 November 2021**

Tan Mui Ping, a Malaysian, female, aged 48, is our Independent Non-Executive Director. She was appointed to the Board on 1 November 2021.

She obtained a certification for the Association of Chartered Certified Accountants ("**ACCA**") in February 1999. She became a Member of ACCA in May 2001 and was subsequently made a Fellow Member of ACCA in April 2006. She is also a member of the Malaysian Institute of Accountants since December 2001, a registered company secretary with the Companies Commission Malaysia ("**CCM**") since February 2020 as well as a member of the Institute of Corporate Directors Malaysia since January 2022.

She has over 20 years of experience in senior finance roles which covers the areas of corporate finance, investment analysis, business development partnering and investment feasibility study, and group finance matters, treasury and tax planning.

She began her career in Shamsir Jasani Grant Thornton (now known as Grant Thornton Malaysia PLT) in 1998.

In October 2001, she joined Wah Seong Corporation Berhad as an Accountant where she was responsible for the group reporting and corporate finance functions, including the listing of Wah Seong Corporation Berhad.

In June 2003, she joined Edaran Otomobil Nasional Berhad as a Manager - Group Finance where she was responsible for the group finance matters, corporate finance and tax planning as well as involved in its business transformation program.

In June 2007, she joined Advance Synergy Berhad as Head of Finance where she was involved in various corporate exercises including fund raising, acquisitions and disposals, as well as privatisation and delisting exercise.

In October 2012, she joined Weida (M) Bhd ("**Weida**") as a Senior Manager of the Corporate Development Department. She was promoted to the position of General Manager in the Group Managing Director's Office in 2014 and subsequently in 2023, she was re-designated as the Financial Advisor to the Group Executive Chairman, a position she assumes to present date. Throughout her tenure in Weida, she supports the Group Executive Chairman and works closely with other team members and strategic partners on Group Executive Chairman related tasks and projects. Her responsibilities include business development partnering, investment feasibility study, corporate finance, group finance matter, treasury, group tax planning and support the senior management in investors' relations activities. She was also the acting Financial Controller of Weida's property development division from 2013 to 2016.

She is currently the Independent Non-Executive Director of Evergreen Fibreboard Berhad, a public company listed on the Main Market of Bursa Securities. She is also the Director of Life Water Berhad and Oasis Home Holdings Berhad, both are non-listed public companies.

She has no family relationship with any Director and/or major shareholder of the Company. She has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. She has no conflict of interest with the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

ALWIZAH AL-YAFII BINTI AHMAD KAMAL

Independent Non-Executive Director
Nominating Committee (Chairman)
Audit and Risk Management Committee (Member)
Remuneration Committee (Member)

Nationality	**Malaysian**
Age/Gender	**50/Female**
Date of Appointment	**1 November 2021**

Alwizah Al-Yafii binti Ahmad Kamal, a Malaysian, female, aged 50, is our Independent Non-Executive Director. She was appointed to the Board on 1 November 2021.

She graduated with a Bachelor of Laws with Honours from University of Bristol, England in June 1997. In August 2000, she was admitted as an Advocate and Solicitor in the High Court of Malaya and has since become a member of the Bar Council Malaysia until August 2006. She became an Associate of MAICSA in August 2006 and was subsequently awarded a Fellowship of MAICSA in January 2014. She was also a member of the Institute of Corporate Directors Malaysia from January 2018 to December 2019, as well as a registered company secretary with the CCM since February 2020.

She has more than 20 years of experience in the corporate legal and company secretarial work. She commenced her legal career as a legal associate in Messrs Zaid Ibrahim & Co from August 2000. In May 2003, she left Messrs Zaid Ibrahim & Co and joined Messrs Zul Rafique & Partners as a legal associate. Throughout her career as a legal practitioner, she represented several international and local financial institutions in restructuring exercises involving public listed companies, as well as advising on various debt capital market related matters.

In June 2006, she left Zul Rafique & Partners and joined Intellectual Property Services Sdn Bhd (now known as ZICO Corporate Services Sdn Bhd) as a Manager and was responsible for business development of the company. Subsequently, she was promoted to an Executive Director in May 2010 where she was responsible for overseeing the operations of the company. In April 2013, she left ZICO Corporate Services Sdn Bhd and founded AKAL Corporate Advisors Sdn Bhd. Subsequently in May 2014, she founded AKAL Advisors PLT that provides accounting and financing & payroll services.

She is currently the Independent Non-Executive Director of Cnergenz Berhad and Independent Non-Executive Chairman of Minox International Group Berhad. She is also the Director of GoHub Capital Berhad, a non-listed public company.

She has no family relationship with any Director and/or major shareholder of the Company. She has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. She has no conflict of interest with the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

OLIVIA LIM

Independent Non-Executive Director
Remuneration Committee (Chairman)
Audit and Risk Management Committee (Member)
Nominating Committee (Member)

Nationality	**Malaysian**
Age/Gender	**45/Female**
Date of Appointment	**1 November 2021**

Olivia Lim, a Malaysian, female, aged 45, is our Independent Non-Executive Director. She was appointed to the Board on 1 November 2021.

She graduated with a Bachelor of Laws (Honours) from National University of Malaysia in August 2003. In February 2004, she was admitted as an Advocate and Solicitor in the High Court of Malaya and has been a member of the Bar Council Malaysia since then.

She has over 18 years of experience in the legal profession.

She set up her own legal firm, Olivia Lim & Co in October 2015. Being the Managing Partner of the firm since then, her expertise spans across the legal aspects of corporate finance, capital and equity markets as well as corporate advisory matters.

She is currently the Independent Non-Executive Director of Unique Fire Holdings Berhad and VisDynamics Holdings Berhad, all listed on the ACE Market of Bursa Securities.

She has no family relationship with any Director and/or major shareholder of the Company. She has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. She has no conflict of interest with the Company.

SENIOR MANAGEMENT'S PROFILE

FOONG CHONG THONG

Chief Financial Officer	
Nationality	**Malaysian**
Age/Gender	**47/Male**
Date of Appointment	**1 September 2023**

Foong Chong Thong, a Malaysian, male, aged 47, is our Chief Financial Officer. He was appointed to the Group on 1 September 2023. He is responsible for the strategic and financial planning of the Company including corporate exercises, cashflow, forecasting and projections, treasury management and annual budgeting. He also oversees the overall finance and accounting function, internal audit and operation support for the Group.

He graduated with a Diploma in Commerce, LCC Higher from Shaw Institute and Inti College. He subsequently obtained a Bachelor of Commerce, Accountancy from University of Otago, New Zealand in December 1997. He was admitted as an Associate Member ("**ACMA**") of the Chartered Institute of Management Accountants ("**CIMA**") in September 2004 and is a member of the Malaysian Institute of Accountants ("**MIA**") since January 2005.

He has more than 20 years of experience in accounting and finance. He started his career in Singapore as an audit assistant in year 1998 and left with the last held position as the audit supervisor. He later joined InterMed Sdn Bhd as an account executive upon his return to Malaysia in year 2002 before being promoted to an accountant in year 2005. He then joined Microlink Systems Sdn Bhd, a wholly owned subsidiary of Microlink Solutions Berhad, as the Finance Manager in year 2006. Thereafter, he joined Techna-X Berhad ("**TXB**") as Financial Controller in year 2008 and left the company in year 2023 after serving the company for more than 14 years. During his tenure in TXB, he was not only responsible for the accounting and finance function of the subsidiary located in People's Republic of China, but he was also extensively involved in various corporate exercises for the holding company including, amongst others, business diversification, fund raising, mergers and acquisitions.

He does not hold any directorship in public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest with the Company.

SENIOR MANAGEMENT'S PROFILE (CONT'D)

KOAY HEAN JIN

Chief Technical Officer	
Nationality	Malaysian
Age/Gender	38/Male
Date of Appointment	1 June 2021

Koay Hean Jin, a Malaysian, male, aged 38, is our Chief Technical Officer. He was appointed to the Group on 1 June 2021. He is responsible for leading our technical teams in day-to-day operations and providing key expertise for integrating Network, Data Centre, Software Defined Network and Campus Network solutions for our customers across various industries. He is also responsible for supervising our employees in pre-sales, post-sales, and support departments, including assigning tasks, approving schedules, set performance goals and ensuring compliance with timelines.

He graduated with a Bachelor of Information Technology, Communication and Networking (Hons) from University Tunku Abdul Rahman, Malaysia in March 2010. He was awarded numerous certificates in the IT industry including, among others, the VMware Certified Professional 6 – Network Virtualization in 2017.

He began his career as a Junior Network Engineer with Idealtech Sdn Bhd in April 2010 where he was responsible to arrange and install network hardware and software, configure and manage hardware, facilitate IP voice administrations, and firewalls. He also provided remote assistance to nearby engineers and end clients.

He left the company in January 2012 and joined I-Frasis Sdn Bhd as a Network Engineer in February 2012 where he was responsible to design and deploy LANs, WANs, and wireless networks, including servers, routers, switches, UPSs, and other hardware. He was also responsible for the troubleshooting, diagnosing and solving hardware, software, and other issues affecting the network and device.

In June 2014, he left the company and joined Netuniti Sdn Bhd as Senior Network Engineer in July 2014 where he was responsible for designing and deploying LANs, WANs, and wireless networks, including servers, routers, switches, UPS, and other hardware. He was also responsible for troubleshooting, diagnosing and solving hardware, software, and other issues affecting the network and device.

In December 2015, he left Netuniti Sdn Bhd and joined Infoline Solutions as Senior Network Engineer in January 2016 where he was responsible for the design, set up and implementation of IT solutions in the company. He was promoted several times while in Infoline Solutions, namely as an Assistant Manager in April 2017 and Head of Technical in March 2020. In June 2021, he was reassigned as our Chief Technical Officer where he assumes his current responsibilities.

He does not hold any directorship in public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest with the Company.

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MESSAGE FROM CEO

CHOO WEI CHUEN
Chief Executive Officer

Dear Valued Shareholders,

It has been an incredible journey since Infoline Tec Group Berhad ("**Infoline Tec Group**") made its inaugural appearance on the ACE Market of Bursa Malaysia Securities Berhad in July 2022. As we reflect on this milestone, we are profoundly grateful for the unwavering and steadfast support we have received from our valued shareholders and investors. Their confidence in our vision and commitment to excellence has been instrumental in propelling our growth and success over the past year. This ongoing support serves as a testament to the strength of our partnerships and the trust placed in the Company. We look forward to building on this foundation, fostering continued collaboration, and achieving even greater milestones together in the future.

On behalf of the Board of Infoline Tec Group, we are pleased to present the annual report and audited financial statements of the Group for the financial year ended 31 December 2023 ("**FYE2023**").

MESSAGE FROM CEO
(CONT'D)

2023 YEAR IN REVIEW

The Covid-19 pandemic has expedited the transition to remote work and digital transformation, intensifying the need for robust IT infrastructure solutions. In the aftermath of the pandemic, the prevalence of remote work has become even more pronounced. Infoline Tec Group stands out as an entity poised to seize this opportunity, demonstrating our unwavering commitment. Through our resilience, we have successfully navigated the challenges posed by the pandemic, emerging stronger and more resilient, firmly entrenched in the industry to date. Our ability to adapt to the evolving landscape underscores our dedication to innovation and positions us as a steadfast player in the dynamic realm of IT solutions.

For better use of resources and secure wider range of incentives to tap along government's initiatives to drive business growth, Infoline Tec Group has embarked on and been awarded the Malaysia Digital Status ("**MD Status**") for the provision of its services in relation to Cybersecurity (Technology/Software/ Design and Support) for Security Operation Centre (Cybersecurity Solutions). The Malaysia MD Status serves as a mark of excellence and recognition in driving the digital economy and with the MD Status, the Group is now entitled to many benefits under the MD Bill of Guarantees ("**BoGs**").

In year 2023, the economy in China has given us a setback despite the expectations that the world's second-largest economy would supposedly stage a strong post-COVID bounce. As the year progressed, weak consumer and business confidence, mounting local government debts and slowing global growth sharply weighed on jobs, business activity and investment. This is evidenced by the significant drop in sales for our China operation with a loss being reported out of this geographical area.

In the quick response to the challenges faced in China, the Group has immediately embarked on a strategy of overseas expansion, targeting the promising markets of India, Singapore and Japan. This shift in focus is indicative of a proactive approach to diversifying the Group's revenue streams and mitigating risks associated with dependency on a single market.

We expanded our footprint in India and Japan by incorporating 2 wholly owned subsidiaries in these countries to ride along the shift of big data centre players from China to other Asia Pacific countries. We have also acquired a Singapore company, namely Inline Technologies Pte Ltd, which is already serving a notable clientele base that are operating in industries such as telecommunication, airport management, government, e-commerce and etc.

The Group recorded a slight decrease in its revenue for FYE2023 to RM71.93 million as compared to RM72.84 million in the preceding financial year ended 31 December 2022 ("**FYE2022**"). This is mainly due to the significant reduction in the revenue in China for FYE2023 which is compensated by the additional revenue contribution from Singapore and India. Malaysia remains the major revenue contributor to the Group's total revenue for FYE2023. The Group's profit for FYE2023 was mainly driven by the higher revenue contribution from the Managed IT services segment which contributed the highest margin among the 4 major business segments of the Group.

Looking Ahead

According to Infrastructure Software Global Market Report 2024, the infrastructure software market size has grown steadily in recent years from USD238.51 billion in year 2023 to USD249.79 billion in year 2024 at compound annual growth rate ("**CAGR**") of 4.7%. It is expected to see a stronger growth in the next few years to USD316.91 billion in year 2028 at a CAGR of 6.1%. The growth in the forecast period can be attributed to the edge computing expansion, focus on zero trust security models, containerization and microservices architecture, increased emphasis on devOps (a methodology in the software development and IT industry) practices, focus on user experience.

Capitalising on the upward momentum, we anticipate a surge in the integration of technology within workplaces, particularly a growing requirement for advanced technological transformations. This heightened demand is expected to extend to the back-end IT infrastructure. We predict that companies will ramp up their investments to bolster IT infrastructure and cybersecurity solutions, aiming to facilitate seamless digital transformations that ensure sustained business continuity. The increased reliance on IT infrastructure will naturally coincide with a parallel rise in demand for relevant software solutions.

MESSAGE FROM CEO (CONT'D)

The Group has also adopted a strategic approach by expanding its business presence into India and Singapore which serves as a testament to the company's resilience and determination to overcome challenges following lower projects secured from the China market in 2023 which resulted in a reduction in revenue from the China market. The Group believes that a well-executed global strategy can compensate for localized setbacks and pave the way for sustained growth.

Infoline Tec Group is committed to implementing measures that will fortify our resilience and strength as we navigate the progressively intricate and unpredictable landscape ahead. These measures encompass fostering more effective collaboration and embracing greater agility in our working methods. We are dedicated to keeping our employees well-informed, concurrently intensifying our endeavors to enhance our talent pool. This involves upskilling our existing workforce and actively recruiting new talents, aligning with our strategic plans for growth and safeguarding critical competencies for the future. One of the initiatives that the Group is taking is to play a more vital role in the local University Programme which aims to develop graduates who are globally employable, competitive, and innovative in the IT profession and recognised for insightful and successful research accomplishments. As an experienced industry player, our Chief Executive Officer, Mr. Choo Wei Chuen, is currently sitting on the Information Technology Industry Advisory Board (IAB) at HELP University to advise on course content in the context of industrial trends and employment prospects and support the Faculty of Computing & Digital Technology's (FCDT) activities which include amongst others, placing undergraduates in internship programmes and graduates in employment upon graduation.

The Board remains optimistic that our current business plan will enhance the Group's competitiveness and solidify our market position within the IT infrastructure and cybersecurity sector. We are committed to plan and execute our strategy for business growth, which includes the potential exploration of both organic and non-organic growth opportunities. Furthermore, the Group is confident in its ability to take advantage of the promising market possibilities in the future by leveraging on the Group's established track record and the management's strong technical capabilities.

Appreciation

As we bid farewell to the year 2023, we recognise that our journey is an ongoing and dynamic process. The conclusion of the year marks not an endpoint but rather a milestone in our perpetual pursuit of growth and excellence. Our commitment extends beyond the confines of time, as we persistently strive to evolve our business model dynamically and sustainably. The turning of the calendar is not a conclusion but a continuation, fuelling our determination to shape a resilient and prosperous future for our organization.

On behalf of the Board, we wish to extend our heartfelt appreciation to our former Chairman, Encik Nor Azzam Bin Abdul Jalil, who has served Infoline Tec Group from 2021 till his retirement in 2023. He has demonstrated his continuous commitment in giving us invaluable guidance throughout the years.

We would also wish to express our deepest gratitude and thanks to our valued customers, business partners, principals and suppliers, Sponsor as well as shareholders for your unwavering support in Infoline Tec Group throughout the past year. Not forgetting our fellow Board members, management team and all employees of Infoline Tec Group for their commitment and dedication, continuous contribution, hard work and loyalty.

Your affirmation encourages us to continue striving to create added value for all our stakeholders.

CHOO WEI CHUEN
Non-Independent Executive Director / Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP BUSINESS

In the dynamic business landscape of 2023, Infoline Tec Group underwent a transformative journey marked by both organic and non-organic growth. Notably, we successfully expanded our footprint into 2 Asian countries, namely India and Japan, thereby diversifying our geographical presence and expanding our business opportunities in these countries. Additionally, a strategic acquisition of a Singapore-based company which is already serving a notable clientele base that are operating in industries such as telecommunication, airport management, government, e-commerce and etc, allows us immediately to tap into one of the highly competitive markets in the world. This strategic move has not only broadened our global reach but has also positioned us as a formidable player in the competitive digital and information technology sector.

Beyond the expectation at the beginning of the year, the business climate in China took an unforeseen downturn, resulting in a significant drop in performance. Despite this challenge, we are fortunate that our strategic expansions into India and Singapore have effectively mitigated the adverse impact of the decline in the Chinese market. This resilience underscores the importance of diversification as a risk management strategy, allowing us to maintain stability in the face of regional fluctuations.

To address the considerable reduction in sales from China, our adept management responded proactively by capitalising on the capabilities of our newly established security operation centre and network operation centre. Leveraging on these advanced facilities, we transitioned towards a more services-oriented business model, thereby unlocking higher margin revenue streams. This shift has not only allowed us to weather the storm caused by the Chinese market but also empowered us to generate higher profit margins through the delivery of innovative and value-added services to our clients.

As a vertical expansion strategy to move up the value chain of the business model of the Group, with a very humble start, Infoline Tec Group has also ventured into extending Mechanical and Electrical offerings to the customers in year 2023. Notwithstanding, the core business and expertise of Infoline Tec Group remains in the areas of the design of customised IT infrastructure and cybersecurity solutions tailored for customers' business needs and budget to meet expectations and provide full satisfaction towards the Group's products and services; implementation and configuration of physical hardware components and software based on the agreed project design; and the management and maintenance of implemented solutions.

With the new additions of subsidiaries in overseas countries, Infoline Tec Group has transformed into an even more established IT infrastructure and cybersecurity solutions provider, having successfully implemented solutions for business-to-business ("**B2B**") customers and end consumers throughout Malaysia, the People's Republic of China ("**PRC**" or "**China**"), as well as other countries in Asia Pacific, namely Hong Kong, Australia, Singapore, Thailand, Taiwan, South Korea, India, Indonesia and the Philippines.

The Group is currently serving more than 50 customers in the region spanning across various industries including B2B customers for property consultancy groups, property developers and construction companies. Meanwhile, the Group's end-user customers comprise local enterprises that operating domestically and some multinational companies operating across diverse industries such as financial services, telecommunications, retail, healthcare, education, manufacturing, food and beverage industries as well as Principals that require IT infrastructure and cybersecurity solutions for their offices.

Throughout the fiscal year, our unwavering commitment to strategic objectives remained steadfast. We actively forged valuable partnerships, demonstrating our dedication to collaboration as a cornerstone of sustainable growth. Furthermore, our agility in expanding service offerings reflected our responsiveness to the evolving needs of our diverse clientele. Looking ahead, our Group is poised to drive innovation, nurture strategic relationships, and seize emerging opportunities. This commitment positions us not only to weather uncertainties but to thrive in the ever-evolving digital solutions industry, creating a sustainable and impactful presence in the global market.

Today, Infoline Tec Group has a stronger market presence with offices not only in Malaysia and China, but also in Singapore, India and Japan. The Group will be actively seeking opportunities for further business expansion locally and regionally.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE

RM71.93 million

Revenue

Infoline Tec achieved a total revenue of RM71.93 million for FYE2023 (FYE2022: RM72.84 million), continued to be mainly contributed by the Group's IT infrastructure solutions segment, followed by Managed IT Services & Other Services segment.

RM34.19 million

Cost of Sales

The Group recorded a lower cost of sales of RM34.19 million for FYE2023 (FYE2022: RM46.57 million), representing a reduction of approximately 26.6%. This was mainly due to much higher numbers of Managed IT Services & Other Services provided during the year which typically involved mainly the internal human resources and fewer external costs.

RM37.74 million

Gross Profit

As a result of the reduction in cost of sales, the Group recorded Gross Profit ("**GP**") of RM37.74 million for FYE2023 (FYE2022: RM26.28 million). This was driven by the Group in its ability to secure higher number of managed services contracts during FYE2023.

The Group's GP margin for FYE2023 has improved to 52.5% compared to FYE2022 at 36.1% which demonstrated the capability of the Group to secure higher margin business through managed services projects and was able to manage them with effective cost-control measures to generate attractive margins.

RM24.88 million

Profit before Tax and Profit after Tax

The Group registered profit before tax and profit after tax of RM24.88 million (FYE2022: RM16.67 million) and RM18.35 million (FYE2022: RM12.12 million) respectively during the year under review, mainly attributed to the overall growth of higher margin business and the successful completion of sizable projects throughout the year. The effective tax rate of the Group for the year-to-date under review was higher than the statutory rate of 24% due to certain expenses which are not deductible for tax purposes.

RM19.23 million

Cashflow, Liquidity and Capital Resources

The Group continued with a very strong financial footing with a healthy cash position of RM19.23 million in FYE2023 (FYE2022: RM37.88 million), of which RM1.79 million was derived from operating activities, demonstrating the Group's ability to consistently generate profits (cash) from its operations.

The Initial Public Offering ("**IPO**") proceeds raised in the third quarter of FYE2022 has, to a very large extent, been utilised in accordance with the proposed plan and timeframe apart from the minor adjustment on the amount allocated for business expansion purpose which is being discussed further in the next section of this statement.

As a measure of liquidity, the Group's current ratio by the end of FYE2023 is improved to 3.7 times (FYE2022: 3.2 times). The improvement was a testimony of better management of the Group's current assets and liabilities.

The well managed cashflow has not only further improved the Group's ability to support existing and new project requirements, it also expanded the Group's capability to participate in more projects to further strengthen the Group's portfolio and revenue stream.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Utilisation of IPO Proceeds

The Group is pleased to announce that all the allocated amount from the IPO proceeds according to the below plans have been fully utilised accordingly within the estimated timeframe.

The Company had previously decided to extend the timeframe for the utilisation of IPO proceeds of RM2.22 million allocated for business expansion from 12 July 2023 (being the last day of the original timeframe of the proposed utilisation) to 1 March 2024 together with some minor variations on the utilisation. Due announcement on such decision was made on 7 June 2023.

The decision for the extension and variation made was mainly due to the travel restrictions imposed by the PRC to counter the COVID-19 pandemic and the delay in the reopening of the PRC's border which limited the utilisation for the business expansion in China.

The extension and the variation undertaken was in line with the business requirements of the Company and was not detrimental and did not have any adverse effect on the financial performance of the Company.

As at 31 December 2023, RM22.74 million of the total proceeds raised has been utilised as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated time frame for utilisation upon Listing
Setting up of technology centre and disaster recovery centre	8,460	(8,460)	–	Within 9 months
Enhancement of Network Operation Centre ("**NOC**")	4,300	(4,300)	–	Within 8 months
Setting up of a Security Operation Centre ("**SOC**")	4,700	(4,700)	–	Within 18 months
Business expansion*	2,220	(1,277)	943	Within 12 months
Estimated listing expenses	4,000	(4,000)	–	Within 3 months
	23,680	(22,737)	943	

* *On 7 June 2023, the Company announced to extend the timeframe for utilisation of IPO proceeds of RM2.22 million allocated for business expansion from 12 July 2023 to 1 March 2024.*

Gearing Ratio

The Group's gearing ratio for FYE2023 stood at a 0.014x (FYE2022: 0.006x). In FYE2023, our gearing ratio increased marginally from 0.006x to 0.014x mainly due to increase in the lease liabilities and term loan compared against the total equity.

Dividend Policy

The Company remains committed to its dividend policy of distributing a target dividend payout ratio of up to 30% of its net profits for each financial year.

The Company would take into consideration of various factors when determining the dividend pay-out to ensure that it remains solvent and has sufficient cash to cater for any funding needs for ordinary business operations and growth/expansion plans after the pay-out. Whilst the retention of adequate reserves is important for the future growth of the Group's business operations, the Board firmly believes that it is also important to reward shareholders for their continuous support, through dividend payments. Hence, the Board seeks to achieve an optimum balance between efficient capital management and the appropriate level of shareholder participation in the Company's profits through dividend.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Dividend Policy (Cont'd)

Since its debut on the ACE Market of Bursa Securities in July 2022, Infoline Tec has declared and paid out a total dividend of 2.21 sen per share in respect of FYE2022 and an interim dividend of 0.94 sen per share in respect of FYE2023.

Upon reviewing the current financial performance of the Group, its capital requirements including working capital and capital expenditure and ensuring sufficient cashflow to meet its financial obligations, the Board has resolved to recommend a final dividend of 1.38 sen per share in respect of FYE2023 bringing full year dividend for the FYE2023 to 2.32 sen per share which translate to a dividend pay-out ratio of around 46%.

REVIEW BY BUSINESS SEGMENT

IT Infrastructure Solutions

Infoline Tec specialises in the design and implementation of IT infrastructure solutions, which includes assessing and evaluating customers' business environments in order to consult and recommend an appropriate IT infrastructure design that meets their business needs, requirements, and budget (comprising network connectivity, data storage, and efficient processing of applications that facilitate and automate enterprises' business or operational processes).

In FYE2023, the IT infrastructure solutions segment registered the highest revenue contribution of RM43.14 million (FYE2022: RM45.90 million), to the Group's total revenue. The GP recorded for this segment amounted to RM19.35 million (FYE2022: RM17.92 million). The recorded GP was higher despite the drop in revenue was mainly due to better pricing and cost control in the completion and delivery of some of its IT infrastructure solutions projects in FYE2023.

Cybersecurity Solutions

The Group offers cybersecurity solutions, which includes a combination of hardware and software products as well as installation and implementation services for the prevention of cyber threats and attacks. Cybersecurity solutions mitigates cybersecurity risks of unathorised access within the IT infrastructure and minimises costs associated with dealing with cyber threats and attacks.

The cybersecurity solutions segment recorded lower revenue of RM2.99 million (FYE2022: RM16.56 million) in FYE2023 due to a particular big project secured in FYE2022. In tandem with the lower revenue for this segment, the GP recorded was also lower at RM0.99 million (FYE2022: RM4.27 million).

Managed IT Services & Other Services

Leveraging on the Group's technical knowledge and industry experience, Infoline Tec provides managed IT services that allow enterprises to monitor and manage their IT infrastructure and cybersecurity solutions without incurring substantial operational expenses in setting up their own dedicated IT team.

In addition, the Group offers managed network services, which include outsourced monitoring and management of customer's network infrastructure. Ad-hoc professional services are also available for customers that do not purchase any hardware or software with the Group.

For FYE2023, the managed IT services & other services segment contributed RM20.56 million (FYE2022: RM9.11 million) to the Group's total revenue, a double fold to the revenue generated in FYE2022. The revenue increase was mainly due to shift in management's focus on higher margin business segment to cushion much slower growth from other business segments. GP achieved for this segment stood at RM16.69 million (FYE2022: RM3.63 million), for the financial year under review. GP increased mainly due to completion of technical support system and decommission work that commands higher margin from our Principals in FYE2023.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW BY BUSINESS SEGMENT (CONT'D)

Trading of Ancillary Hardware & Software

Infoline Tec is involved in trading of ancillary hardware and software products, which is complementary to the Group's business. Hardware products include computers, notebooks, printers, accessories, and peripherals, meanwhile software comprises operating systems and computing applications.

The trading of ancillary hardware and software segment contributed RM5.23 million (FYE2022: RM1.27 million) in revenue and achieved GP of RM0.88 million (FYE2022: RM0.45 million) respectively for FYE2022.

Higher revenue compared to FYE2022 is mainly due to overall higher request to supply ancillary hardware and software in FYE2023 by the customers. Also, higher GP compared to FYE2022 mainly due to higher incentive received from our Principals in FYE2023.

ANTICIPATED RISKS & MITIGATION

Infoline Tec Group is committed to an effective risks management as it is central to our continued growth and success.

A risk is an effect of uncertainty that may bring a negative impact to our business objectives. It is often described by an event, a change in circumstances, a consequence, or a combination of these and how they may affect the achievement of objectives. Risk management shall support Infoline Tec Group's business objectives by managing risks they entail.

The Group has developed a registry of risk, being updated on a quarterly basis, contained all the identified key risks areas together with the respective key risk factors that may impact the day-to-day business operations and proposed suggestions on mitigation of these risks.

Some major key risk factors identified in the registry of risk and the corresponding mitigation measures included the followings:-

1. **Fraud/ Corruption Risk**

   Economic recession, employee disaffection, a possible erosion of ethics that leads to employee potentially commit fraud/ corruption action.

   To address such risk, the Group has implemented anti-bribery and anti-corruption policy and makes sure the implemented procedure and processes ("**SOP**") are in place.

2. **Customer Concentration Risk**

   The Group is dependent on our major customers. For FYE2023, we have major customers who have contributed significantly to the Group's revenue. If we fail to secure sufficient projects in the future, or encounter delays in payments or non-payments from the said clients, the Group's business operations and financial performance may be adversely affected.

   As such, the Group believes in maintaining a good relationship with existing customers and constantly exploring new opportunities on new customers. The Group will also continuously monitor and improve goods delivery and product quality to uphold the Group's good reputation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED RISKS & MITIGATION (CONT'D)

3. Cybersecurity Risk

We are exposed to the risks of security breaches and threats such as malware attacks, hacking espionage and cyber intrusion, as well as failure to protect our proprietary information and our customers' information, which can potentially arise from malware-infected devices brought into the network system by our staff.

While we cannot be assured that we will not face any security breaches in the future, we are nevertheless doing our part in working with established hosting providers to host our data and our NOC has been certified ISO / IEC 27001:2013, indicating that all necessary policies, procedures and facilities are in place to safeguard our NOC.

4. Operation Risk

We are exposed to the risks that our managed IT services business segment may be affected by system failures arising from events that may be beyond the Group's control such as power failures, natural disasters, equipment failure and network connectivity downtime, which may disrupt the provision of managed IT services to our customers.

While we cannot be assured that we will not face any system failures or malfunctions in the future, we hold the ISO / IEC 27001:2013 certification, which indicates that we have in place the necessary policies, procedures and cloud-based disaster recovery facilities for business continuity. Additionally, the Group also implemented access controls across the office premises and systems.

5. Supplier Risk

They Group may face with the issue of raw material shortage which is a macro factor, and it is beyond the control of the Group.

As an alternative, we would propose similar products which meet the customers' specification from alternative brands to customers where stocks are readily available as well as conduct careful planning for the purchase of supplies. This is to ensure that we have sufficient materials to meet the anticipated usage of supplies in each project, while managing the project's lead time and customers' expectations.

FUTURE PLAN

The IT infrastructure and cybersecurity sector remain robust with the rapid pace of technological evolution resulting in rising demand for solutions to support organisations adapting to digital transformation. The public sector and enterprises in Malaysia are also shifting into the era of digital transformation to becoming digital-first organisations at this critical juncture in their digital journey.

The Group foresees increased investment by corporations to enhance its IT infrastructure and cybersecurity solutions to address the increasing volume of data generation to ensure business continuity and is positive to continue reaping the benefits from the nation's shift towards the digital economy. The Group anticipates increased investment in data centre by foreign enterprises, fueled by government initiatives such as MyDIGITAL.

According to Infrastructure Software Global Market Report 2024, the infrastructure software market size has grown steadily in recent years from USD238.51 billion in year 2023 to USD249.79 billion in year 2024 at compound annual growth rate ("**CAGR**") of 4.7%. It is expected to see a stronger growth in the next few years to USD316.91 billion in year 2028 at a CAGR of 6.1%. The growth in the forecast period can be attributed to the edge computing expansion, focus on zero trust security models, containerization and microservices architecture, increased emphasis on devOps (a methodology in the software development and IT industry) practices, focus on user experience.

Riding on the current upward momentum, we foresee a significant increase in the adoption of technology in workplaces, with a particular emphasis on the need for advanced technological upgrades. This rising demand is anticipated to extend to the back-end IT infrastructure. We expect companies to increase their investments in enhancing IT infrastructure and cybersecurity solutions, aiming to facilitate smooth digital transformations that ensure uninterrupted business operations. The growing dependence on IT infrastructure will naturally lead to an increased demand for pertinent software solutions.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

ENHANCEMENT OF IT INFRASTRUCTURE AND CYBERSECURITY SOLUTIONS

The Group is confident that our current business strategy to continue focusing on the IT infrastructure and cybersecurity solutions will enhance the Group's competitiveness and solidify our market position within the IT infrastructure and cybersecurity sector. We continue providing better service offerings in relations to the IT infrastructure and cybersecurity solutions to meet our customers' requirement. In addition, we are also committed to grow our business through synergistic Merger & Acquisition ("**M&A**") with similar businesses or smaller players in the industry.

ENHANCEMENT OF FACILITIES FOR MANAGED IT SERVICES

The capacities and capabilities of the facilities and services, which include our NOC and SOC, to offer a wider range of services for the provision of managed IT services, have been improved and enhanced as detailed below:-

Enhancement of our NOC

We have enhanced the infrastructure of our existing NOC with new equipment, software, and accessories to boost its capacity. This includes increasing the numbers of switches, servers, and storage capabilities. These upgrades enable us to accommodate more clients and broaden the scope of managed network services offered.

The NOC is currently equipped with increased bandwidth and new hardware capable of meeting higher demands. Additionally, an enhanced system facilitates the centralization of systems and applications within the NOC, thereby enhancing visibility into customers' networks. This will provide more detailed network insight to aid troubleshooting and multi-tenancy (concurrently support several customers' accounts and customisation of dashboards, support for and consolidation of multiple platforms from different clients).

Launching of the SOC

SOC assists to facilitate the monitoring and management of cyber threats and attacks of an enterprise's IT infrastructure, which serves as a substantial upgrade to the Group's managed cybersecurity services, supporting the monitoring and collections of security events, threat analysis and threat hunting, centralisation of information for a more holistic view, proactive threat monitoring and automation of response workflows.

Our SOC in the Kota Damansara head office, which houses a dedicated IT infrastructure has been in full operation since its official launch on 25 July 2023. The launching of our SOC marks a significant milestone for Infoline Tec Group. With the increasing threat landscape, we have invested in cutting-edge technology and expert capabilities to provide robust cybersecurity solutions. Our SOC enables us to proactively detect and mitigate threats, ensuring the safety and integrity of our clients' digital assets. Moving forward, we are more committed to delivering advanced security measures and empowering businesses to navigate the digital world with confidence.

Development and enhancement of in-house applications

We continuously enhance and improve our current project management tool, which is currently used to provide our professional IT services. The upgraded project management application enables our customers to track the delivery of our services as well as request for any changes in services provided. This will allow us to provide better service to our managed IT services customers.

The Group has a plan to develop an outsourced engineer application that will be integrated with the helpdesk application utilised in our NOC and SOC. Customers of our managed IT services will be able to book subcontractors, including engineers, for on-site troubleshooting and rectification work on an as-needed basis. Customers will be able to choose the number of external technical engineers and the level of expertise required.

Additionally, we will also be able to better serve our customers in markets where we do not have permanent technical people stationed as the outsourced engineer application will allow us to tap into local engineers in that country to support our customers efficiently and promptly. These applications will eventually be integrated with the NOC and SOC when upgrading works are completed. This may bring significant contribution to our business expansion in India and Singapore and will continue to contribute positively to the Group in the immediate future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

TECHNOLOGY CENTRE AND DISASTER RECOVERY CENTRE

The Group has established a technology centre and disaster recovery centre with the aim of enhancing our sales and marketing efforts, as well as fortifying our position as a significant player in the market.

Technology centre

We have successfully set up the technology centre and started its operation in year 2023. Prior to the establishment of our technology centre, we had to demonstrate customised solutions during the pre-sales stage to our customers and potential customers with very limited hardware and only allowed for demonstration of one type of solution at a time. The completion of the technology centre enables us to run multiple solution configurations simultaneously with software defined infrastructure and virtual desktop, eliminating the need to rent third-party hardware. Our technical department possesses the capability to conduct on-site testing and implementation of tailored solutions, which can effectively shorten the overall implementation period. This enables us to undertake additional projects. The establishment of the technology centre will further enhance business prospects for the Group.

Disaster recovery centre

Before establishing our own data recovery centre, the Group depended on third-party cloud-based disaster recovery services to minimise delays to our operations. With the funds raised from the IPO, the Group has successfully established our own disaster recovery centre. This enables us to recover and restore our data and IT infrastructure, ensuring continuity of operations in the face of disruptions such as cyber attacks and natural disasters. This reinforces our customers' confidence in our ability to deliver uninterrupted services, aligning closely with their needs and fostering greater business opportunities with them.

GEOGRAPHICAL EXPANSION IN MALAYSIA AND INTERNATIONAL MARKETS

Aligned with our geographical expansion strategy, the Group has bolstered its presence in India and Japan by establishing 2 wholly-owned subsidiaries in these regions. This move capitalizes on the trend of major data centre players shifting from China to other Asia Pacific countries. Furthermore, the Group also acquired a Singaporean company with a robust presence among prominent telecommunications companies in Singapore. This acquisition expands the Group's client portfolio significantly.

Moreover, the Group is committed to expanding its footprint beyond Shenzhen into other regions of the PRC due to the increasing market opportunities there. The Group intends to augment the capacity of our sales and technical teams by recruiting additional personnel. These new hires will be deployed in key cities such as Shanghai, Beijing, Wuhan and Chengdu.

The Group's ability to receive inquiries from prospective clients and secure contracts from these markets will re-affirm our decision to expand into these markets. This may result in additional investment in these regions by increasing local operation team and employees, taking into account the prospects for the IT infrastructure and cybersecurity industries, as well as political and economic aspects in these countries.

Looking ahead, the Group maintains a positive outlook regarding its competitiveness and market standing in the IT infrastructure and cybersecurity sector. The Group is dedicated to planning and executing strategies for business expansion, encompassing both organic and non-organic growth avenues. Additionally, we are confident in our ability to capitalise on promising market opportunities ahead by leveraging the Group's established track record and the management's robust technical expertise to add value to all the stakeholders of the Group.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Infoline Tec Group Berhad ("**Infoline Tec**" or "**the Company**") and its subsidiaries ("**the Group**") is pleased to present our Annual Sustainability Statement for financial year ended 31 December 2023 ("**FYE 2023**") ("**Statement**"). Infoline Tec is committed to sustainable business practices that balance economic success, environmental stewardship, and social responsibility. This statement outlines our efforts and accomplishments in FYE 2023.

Scope and Basis of Scope

This Statement covers Infoline Tec's operations, including the following subsidiaries situated in Malaysia, China and Singapore:

i. Infoline IT Solutions Sdn Bhd
ii. Infoline Technology (Shenzhen) Limited
iii. Infoline Tec International Pte Ltd

We exclude our reporting scope on the following newly incorporated and/or acquired subsidiaries for the current year reporting:

i. Inline Technologies Pte Ltd
ii. Infoline Tec Solutions India Private Limited
iii. Infoline Tec Japan K.K.
iv. Infoline M&E Solutions Sdn Bhd
("**New Subsidiaries**")

We target to include all New Subsidiaries in our reporting by financial year ending 2025 ("**FYE 2025**").

Reporting Frameworks and Standards

This Statement has been developed according to Bursa Malaysia Securities Berhad's ("**Bursa Securities**") ACE Market Listing Requirements.

Feedback

We extend invitations to our stakeholders to provide feedback on this Statement and the related issues to us at info@infolinegroup.com. Your input is valuable to us as we strive for continuous improvement in our sustainability efforts.

OUR APPROACH TO SUSTAINABILITY

Infoline Tec's Board of Directors has oversight responsibility for the delivery of sustainable value to stakeholders, and this is achieved through the implementation of the principles, policies, objectives and strategies of the Group.

We strive to stay well-informed about managing sustainability, including understanding climate-related risks and opportunities.

Stakeholder Engagement

Engaging with stakeholders is a vital element of our Group's commitment to business sustainability and a key factor in achieving long-term corporate success. This practice allows our Group to grasp the needs and concerns of diverse stakeholders, recognising potential issues, fostering trust, and developing solutions that benefit all involved parties.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Stakeholder Engagement (Cont'd)

The table below showcases our Group's efforts in stakeholder engagement initiatives:

Stakeholder	Expectations & Interests	Engagement Methods
Investors	• Financial performance • Sustainable financial returns • Business strategy • Sustainable dividend policy • Corporate governance	• Annual general meetings • Annual reports • Quarterly financial reports • Corporate website • Investor briefings and meetings
Customers	• Good relationship rapport • Ensure timely service and product delivery • Resolving complaints efficiently • Compliant to health and safety standard operating procedure ("**SOP**") when attending meetings	• Actively engage and build relationships • Regular meetings and feedback • Participation in industry networking events
Local Communities	• Impact of operations • Interaction with local communities • Building good relationships	• Local employment • Education sponsorship
Regulatory Agencies	• Compliance with corporate governance • Compliance with relevant laws and regulations • Compliance with labour, environmental and health & safety regulations	• Annual reports • Compliance to relevant laws and regulations • Participation in seminars and information sessions conducted by the authorities
Suppliers	• Transparent procurement practices & pricing • Regular payment schedule • Timely delivery	• Timely payments • Vendor registration (as needed) • Contract engagement (as needed)
Industry Peers	• Industry best practices	• Participation in industry networking events
Employees	• Training and development • Occupational health and safety • Competitive remuneration and rewards	• Training and development programmes • Safety training and awareness • Annual appraisals • Whistle-blowing policy

SUSTAINABILITY STATEMENT
(CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Material Assessment Criteria

Material topics were determined based on a review of current and anticipated future demands of society and environment, which are then aligned with the Group's business model and direction as well as the relevant Bursa Securities' ACE Market Listing Requirements.

The Group identified the relevant sustainability matters through a review of internal and external sources, which includes feedback from stakeholders, as tabled below:

1) Identify Relevant Matters	2) Prioritise Material Matters	3) Validate & Communicate	4) Review
Review of External Sources - Bursa Securities' ACE Market Listing Requirements - UN's Sustainable Development Goals ("**USDGs**") - Relevant industry specific publications **Review of Internal Sources** - Review of management data - Feedback received from stakeholders - Approval by the Board of Directors	**Stakeholder Prioritisation Exercise** - Assessing the level of influence and dependence of each group of stakeholders on Infoline Tec **Stakeholder Engagement** - Engage with internal and external stakeholders to produce and set priority to the list of sustainability matters	**Validation of Material Matters** - Validate material matters against stakeholder expectations, USDGs and Bursa Securities' ACE Market Listing Requirements to identify most material indicators	**Review of Material Matters** - Review the impact of material matters, considering emerging trends, changing customer expectations and overall business performance

Sustainability Framework and Performance Scorecard

Infoline Tec has also developed a sustainability framework and targets as follows:

Sustainability Framework

Our Vision : We aim to continuously integrate environmental, social, and governance considerations to foster responsible business practices and contribute to a more sustainable future.		
Our Mission : To create a positive impact on the environment, society, and our economic landscape, fostering a collective commitment to a sustainable future.		
Our Focus Areas		
Our Business Deliver continuous value to our stakeholders through ongoing commitment to excellent, innovative ideas and ethical governance	**Our People** Create a culture that is inclusive and diverse, promoting employee wellness, and supporting local Health & Safety community	**Our Stewardship** To reduce carbon footprints and environmental impacts
Economic Performance	Health & Safety	Climate Change
Anti-Bribery and Anti-Corruption	Employee Management	Waste Management
Cybersecurity & Data Protection	Diversity, Equity & Inclusion	Water Management
Customer Satisfaction	Community Investment	
Supply Chain Management		

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Management Approach for Material Matters

1. Economic Performance

Why is this important?

Maintaining economic performance is crucial for Infoline Tec as it directly impacts its competitive standing, resilience, and ability to thrive in a dynamic marketplace. Strong economic performance allows a company to navigate fluctuations in demand, fostering adaptability and long-term sustainability.

Our Approach

Infoline Tec is dedicated to regularly researching and analysing the market to stay updated on economic trends, customer behaviour, and industry changes. This helps us make quick adjustments to our products, services, and pricing in response to the evolving market conditions. We also focus on managing costs effectively by carefully budgeting, optimising the supply chain, and continuously improving our processes.

We invest in training our employees and encouraging innovation within the Group. Additionally, we aim to expand our market presence by exploring new geographical areas. This comprehensive approach ensures that we stay competitive and adapt to the changing business landscape.

Our Performance

In FYE 2023, our Group has established new subsidiaries in Malaysia, Japan and India, as well as acquired a company in Singapore. This move has provided the Group access to new markets and customer bases, enabling the company to diversify its revenue streams and reduce dependency on a single market.

2. Anti-Bribery and Anti-Corruption

Why is this important?

Anti-corruption measures within the Group serve as a fundamental pillar of ethical business conduct and corporate responsibility. By actively preventing bribery, embezzlement, and other corrupt practices, the Group safeguards its financial health, protects shareholder value, and creates a level playing field for fair competition.

Our Approach

The Board and senior management regard the significance of anti-corruption measures within the Group as substantial. The Group's unwavering stance against corruption is detailed in our Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**"), subject to periodic reviews aimed at fortifying and aligning with the company's position and regulatory authorities.

Newly hired individuals are required to acquaint themselves with the Group's policies, including the ABAC Policy, and confirm their thorough understanding of these policies and procedures by signing on the policies.

All suppliers and clients of the Group are also bound by the Group's ABAC Policy. The Group has explicitly incorporated the Anti-Bribery clause into its agreements with suppliers and clients.

Infoline Tec has also established a whistleblowing channel under the Group's Whistleblowing Policy, enabling employees and external parties to confidentially report bribery and corruption incident via email. The ABAC Policy and Whistleblowing Policy are accessible on the corporate official website, https://www.infolinetec.com/, for reference.

The Group will also conduct comprehensive anti-bribery and anti-corruption trainings to its employees.

Our Performance

As at 31 December 2023, the Group was assessed for corruption related risks through the quarterly review of our risk register and we recorded zero incident of corruption across the Group's business operations.

SUSTAINABILITY STATEMENT
(CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Management Approach for Material Matters (Cont'd)

3. Cybersecurity and Data Protection

Why is this important?

Cybersecurity and data protection stand as paramount pillars in safeguarding the integrity, confidentiality, and availability of information of Infoline Tec. By prioritising cybersecurity and data protection, the Group not only fortifies itself against potential financial losses and legal ramifications but also demonstrates its commitment to maintaining the trust and confidence of its clients, partners, and stakeholders in an increasingly interconnected and digital business landscape.

Our Approach

The Group is enhancing its cybersecurity and data protection measures by complying to relevant regulations, industry standards and internal policies. The Group has also obtained ISO 27001:2013 certification to further strengthen its cybersecurity management efforts.

At Infoline Tec, the management of data and security constitutes an aspect of our Enterprise Risk Management ("**ERM**") framework. We systematically review and assess the effectiveness of our data privacy and security controls and processes to ensure their ongoing functionality. Consent is diligently obtained when handling customer data stored in our centralised Customer Relationship Management ("**CRM**") system, with access limited to authorised personnel. Regular reviews of user access and activities are conducted to prevent unauthorised access or misuse of authority. We also ensure that we retain data only for the necessary duration and securely dispose of it when no longer required.

The Group has also implemented various measures, such as clean desk policy and password rotation policy.

Furthermore, we also aim to educate more employee of ours on data protection and privacy through trainings.

Our Performance

As at 31 December 2023, we recorded zero incident of breach of cybersecurity and data protection across the Group's business operations.

4. Customer Satisfaction

Why is this important?

Customer satisfaction serves as a key indicator of the effectiveness of a business in meeting the needs and expectations of its clientele. High levels of satisfaction can lead to increased sales and revenue. Furthermore, positive customer experiences can enhance Infoline Tec's reputation, creating a positive brand image that attracts new customers.

Our Approach

Infoline Tec's primary approach for continuously improving customer satisfaction is to thoroughly understand and meet its customers' needs and expectations through transparency and clear communication. Additionally, the Group also recognises the pivotal role of innovation and adapting to evolving customer preferences in this ongoing commitment to customer satisfaction.

Our Performance

We have not received any services related complaint in FYE 2023 and no agreement was terminated due to unsatisfactory services.

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Management Approach for Material Matters (Cont'd)

5. Supply Chain Management

Why is this important?

Infoline Tec firmly believes that effective supply chain management enables companies to reduce lead times, adapt quickly to market changes, and meet customer demands more accurately. Additionally, by choosing local suppliers, the Group could also actively contribute to the economic growth of the region, promoting job creation and reducing carbon footprint.

Our Approach

Infoline Tec's approach to supply chain management involves ensuring that all our suppliers comprehensively understand and agree to adhere to the Group's policies and regulatory requirements.

Furthermore, the Group also prioritise on sourcing products and services from local suppliers whenever feasible. This commitment is rooted in our belief that, by doing so, the Group can make positive impacts on the local economy and simultaneously minimise carbon footprints.

Our Performance

81% of total amount spent on local suppliers in FYE 2023.

6. Health & Safety

Why is this important?

A commitment to maintaining a safe working environment reduces the risk of accidents, injuries, and occupational illnesses, fostering a culture of care and trust among employees. Employees who feel secure in their work environment are more likely to be engaged and committed, ultimately benefiting the overall success and sustainability of the Group. In essence, a focus on health and safety is an investment in the long-term success, resilience, and positive image of Infoline Tec.

Our Approach

Infoline Tec has implemented Health and Safety Policy which outlines and governs matters pertaining health and safety within the business operations of the Group. This Health and Safety Policy is reviewed on a regular basis to ensure its continued relevance.

We also provide medical care for our employees, which includes mandatory health screening prior to joining the Group and reimburse medical expenses incurred by the employees.

In response to the global COVID-19 pandemic, the Group has also implemented several infection prevention measures, such as mandatory quarantine for employees who test positive and routine sanitisation of workspaces.

Our Performance

As at 31 December 2023, we recorded zero incident of injury or fatality across the Group's business operations.

SUSTAINABILITY STATEMENT
(CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Management Approach for Material Matters (Cont'd)

7. Employee Management

Why is this important?

Employee management is vital for the long-term growth and success of our Group and we prioritise investing in the development and upskilling of our employees. By doing so, we are ensuring that we have highly skilled and motivated workforce that can drive our business forward. It is the Group's mission to identify, develop and retain top talent within the organisation to ultimately create a positive work culture, which in turn leads to increased employee engagement and retention.

Our Approach

In FYE 2023, the Group concentrated its efforts on 2 primary areas of employee management: (i) upskilling employees and enhancing employee remuneration and (ii) retention strategies.

For the FYE 2023, the Group extended training opportunities not only to the technical team but also to executive employees. In terms of remuneration and retention, the Group not only enhanced employees' compensation packages to a more competitive level but also introduced additional benefits, including coverage for optical, dental and gym. All confirmed employees are also entitled to a day of birthday leave.

The Group had also organised a team building trip to Phuket, Thailand in June 2023 and other get-together events such as annual lunch and year end festivity or celebration to bring together all employees.

Additionally, Infoline Tec is also committed to maintaining strict adherence to all labour and human rights related laws and to ensure continuous compliance across its operations at all times.

Our Performance

As at 31 December 2023, we recorded zero human rights related complaint across the Group's business operations and a turnover rate of 1.56%.

8. Diversity, Equity & Inclusion

Why is this important?

The Group believes that diversity, equity, and inclusion are crucial for the Group's success and overall well-being. Having a diverse workforce brings together different perspectives and ideas, leading to more innovation and creativity.

Our Approach

We are dedicated to fostering diversity, equity and inclusion by prioritising equal opportunities for all and ensuring fair treatment and representation at every level, regardless of designation, age, gender, race or ethnics.

Our Performance

Promotion Composition of the Group For FYE 2023

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Management Approach for Material Matters (Cont'd)

9. Community Investment

Why is this important?

Community investment is crucial for the Group, as it has the potential to enhance the quality of life for community members while fostering a sense of social responsibility. This commitment not only creates a positive impact on both society and the business but can also strengthen relationships with customers, employees, and stakeholders.

Our Approach

Infoline Tec's current primary focus in community investment is to nurture local talent. We actively contributed to this goal by offering opportunities for school leavers and providing internships. Additionally, the Group has also established a scholarship program and has been actively promoting it, aiming to further support education and skill development within our community.

Moving forward, the Group also has plans to expand our community investment initiatives to include projects that contribute to the overall well-being and development of the communities such as providing essential necessities to the vulnerable populations.

Our Performance

We successfully enrolled 2 students into our scholarship program and provided 6 internship placements.

10. Climate Change

Why is this important?

Infoline Tec recognises its responsibility to reduce carbon emissions from its business operations as these emissions can harm the environment and contribute to climate change. Additionally, in an era where environmental concerns influence consumer choices and impact investor decisions, a commitment to climate change sustainability is not only an ethical choice but also a key driver for competitiveness and resilience.

Our Approach

In FYE 2023, Infoline Tec has actively put in efforts in mitigating climate change by investing in low-emission and green technologies. This included the purchase of energy-saving air conditioning units and the promotion of car-pooling for work-related travel.

We strive to monitor and regulate our carbon emissions, with a goal to reduce them annually, aiming for significant progress by year 2030.

Our Performance

All of our newly purchased electronics, including air conditioners and refrigerators, are eco-friendly and energy-saving. This excludes air conditioners at our newly built security operations centre and network operations centre where non-inverter air conditioners are necessary.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Management Approach for Material Matters (Cont'd)

11. Waste Management

Why is this important?

Proper waste management is crucial for our environment, health, and economy. Good waste practices ensure our communities stay safe from diseases and maintain a high quality of life. In essence, taking care of our waste is a fundamental step towards a cleaner, safer, and more sustainable future.

Our Approach

Infoline Tec's waste management revolves around a commitment to sustainability and responsible practices. We actively promote recycling initiatives, including the recycling of electronic devices, eliminate single-use waste by providing reusable cutlery alternatives, and cultivate a paperless office culture by encouraging e-documentations.

Moving forward, the Group aims to further reduce waste by implementing a comprehensive system for sorting and recycling materials, ensuring that the maximum amount of waste is diverted from landfills.

Our Performance

For hardware that cannot be repurposed, we have in place proper disposal procedures to ensure that it does not end up in landfills.

12. Water Management

Why is this important?

Efficient water management is essential for minimising water-related risks, such as scarcity and pollution, which may impact the environmental and social well-being of communities, as well as the sustainability of businesses. By implementing effective water conservation measures and sustainable practices, the Group not only will reduce their environmental footprint but also enhance operational efficiency and cost-effectiveness. Additionally, responsible water management aligns with corporate social responsibility goals, contributing to the broader commitment to environmental sustainability.

Our Approach

Infoline Tec promotes water conservation practices by educating our employees about the importance of water conservation and its direct impact on both the environment and our operational costs. Additionally, we also ensure that all defects related to water is being fixed as soon as possible.

Our Performance

Water Consumption per Employee

Year 2023
RM94.07

OUR APPROACH TO SUSTAINABILITY (CONT'D)

Performance Data Table

Indicator	Unit	FYE 2023
Economic Performance		
Economic value generated (i.e. revenue and other income)	MYR	73,098,000
Economic value retained	MYR	18,345,000
Anti-Bribery and Anti-Corruption		
Confirmed incidents of corruption and action taken	Number	zero incident
Cybersecurity and Data Protection		
Number of complaints concerning breaches of customer privacy or data	Number	zero complaint
Customer Satisfaction		
Number of complaints concerning services provided	Number	zero complaint
Supply Chain Management		
Proportion of spending on local suppliers	Percentage	81%
Health & Safety		
Number of work-related fatalities	Number	zero incident
Employee Management		
Number of complaints concerning human rights violation	Number	zero complaint
Diversity, Equity & Inclusion		
Promotion Composition		
Male	Percentage	50%
Female	Percentage	50%
Community Investment		
Total number of beneficiaries of the investment in communities	Number	6
Climate Change		
Percentage of newly purchased electronics, including air conditioners and refrigerators, that are eco-friendly and energy-saving (exclude electronics in network operations centre and security operations centre)	Percentage	100%
Water Management		
Total water consumption per employee	MYR	94

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors of ("**Board**") of Infoline Tec Group Berhad ("**Infoline Tec"** or **"the Company**") and its subsidiaries ("**the Group**") recognises the significance of implementing and maintaining good corporate governance in managing and directing Board matters and business conduct throughout the Group in order to ensure sustainable long-term growth and the enhancement of shareholders' value and financial performance.

We remain committed to upholding the principles of good governance with reference to the requirements of the Malaysian Code on Corporate Governance ("**MCCG**") throughout the year in its implementation of Corporate Governance ("**CG**") practices by the Group. Our strategy encourages the Group's holistic adoption of CG practices and culture while ensuring compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and the Companies Act 2016 ("**the Act**"), as well as monitoring advancements in industry practices and other relevant regulations, where applicable.

The Board is pleased to present the CG Overview Statement ("**this Statement**") of the Company for the financial year ended 31 December 2023 ("**FYE2023**") to provide shareholders and investors with an overview of the Group's CG policies under the direction of the Board. This Statement is prepared pursuant to Rule 15.25 of the Listing Requirements.

This Statement gives an overview of the Company's CG practices for FYE2023, with reference to the 3 MCCG principles, expected objectives, and practices, taking into account the Group's structure, processes, business environment, and industry practices:

- Principle A : Board leadership and effectiveness.
- Principle B : Effective audit and risk management.
- Principle C : Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement should be read in conjunction with the Group's CG Report FYE2023 ("**CG Report 2023**"), which disclosed the application of each practice set out in the MCCG during FYE2023. The prescribed CG Report 2023 is accessible at https://www.infolinetec.com/investor-centre-reports, the official corporate website. It should also be read in conjunction with other statements in this Annual Report, including the Sustainability Statement, the Audit and Risk Management Committee ("**ARMC**") Report, as well as the Statement on Risk Management and Internal Control.

The CG Report 2023 contains information on the specifics of the application of each CG practice as outlined in the MCCG, as well as an explanation of any instances in which the aforementioned procedures were not adopted or were discontinued. It also demonstrates the commitment of the Board and Management of the Group in applying and embracing the highest standards of CG throughout the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board's practices are ensured to be consistent with and reflect the Board's commitment in applying the best practices as prescribed in CG in all of its business dealings in respect of the Group's shareholders and relevant stakeholders. The Board leads the Group and plays a strategic role in overseeing the Group's corporate objectives, directions, and long-term business goals.

The Board's primary responsibility is to manage and oversee the governance and management of the Group including the financial and organisational well-being of the Group. The principal responsibilities of the Board include, among others, the following:

- Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Review and monitor the implementation of budget by Management;
- Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances, to ensure that they support long-term value creation and take into account economic, environmental and social considerations underpinning business sustainability;
- Oversee the conduct of the Group's businesses to evaluate and assess Management performance to determine whether the businesses are being properly managed;
- Assess and identify the principal risks of the Group's businesses in recognition that business decisions involve the taking of appropriate risks and ensure there is a sound framework for internal control and risk management;
- Set the risk appetite within which the Board expects Management to operate, and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Approve the nomination, selection, succession policies, remuneration policy and procedures for the Board members and Senior Management;
- Approve the appointment, resignation or removal of Company Secretaries;
- Develop and implement "Stakeholder Communications Policy" for the Group;
- Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, the Act and Listing Requirements);
- Review and approve the financial statements encompassing annual audited accounts and quarterly reports and ensure the integrity of the Company's financial and non-financial reporting;
- Establish a corporate culture which engenders ethical conduct and behaviour;
- Review and approve the appointment of external auditors and their related audit fees; and
- Carry out or perform such other functions necessary for the discharge of its fiduciary duties under the relevant laws, rules and regulations.

Matters that are specifically reserved for the Board, as stated in the Group's Board Charter are listed as below:

- Acquisitions of Business/Investments
- Divestments and Disposals of Business/Investments
- Overseas Equity Venture
- Corporate Finance and Proposals
- Terms of Key/Main Agreements not within the ordinary course of business
- Acquisition and Disposal of Properties (not in the ordinary course of business) and Motor Vehicles
- Bank Borrowings and Finance Arrangements
- All Related Party Transactions
- The Group and Company's Annual Budget (including Major Capital commitment)
- Conflict of interest issues relating to a substantial shareholder or a director
- Declaration of Interim Dividend/Proposed Final Dividend and Proposed Directors' fees
- All other business transactions in accordance with the Discretionary Limits of Authority which require the Board's approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

ROLES AND RESPONSIBILITIES OF THE BOARD (CONT'D)

The Executive Directors are appointed by the Board, and they report to the Board. Their responsibilities include collaborating with the CEO to set the overall direction and head the Group by ensuring that the Group is managed efficiently and effectively. Executive Directors primarily assist in implementing the Group's business plans and managing the business activities.

The Independent Non-Executive Directors are appointed based on their calibre, credibility, and necessary skills, competencies, commitment, gender diversity and experience to bring independent judgement to bear on issues of strategy, performance and resources including key appointments and standards of conduct formulated and proposed by the Management and the Executive Directors.

Following the retirement of Nor Azzam bin Abdul Jalil upon the conclusion of the Company's Second Annual General Meeting on 19 June 2023, Ang Seng Wong was subsequently appointed as the Independent Non-Executive Chairman of the Board on 9 January 2024. His appointment was recommended by the Company's Sponsor. The profile/background of the Independent Non-Executive Chairman was independently scrutinised and verified by the Nominating Committee ("**NC**") prior to his appointment to the Board.

The Chief Financial Officer ("**CFO**") is appointed by the CEO in consultation with the Board and is responsible for tracking cash flow and financial planning as well as analysing the Company's financial strengths and weaknesses and proposing strategic directions.

Board Committees, as listed below, were formed to help the Board in its oversight duty with regard to various responsibility areas. It should be stressed, nonetheless, that the Board always maintains overall control over the Board Committees. The Chairman of the different Committees will report to the Board the outcome of the Committees' meetings for the Board's deliberation and approval, and excerpts from such reports are included in the minutes of the Board meetings. These Board Committees have been established with specific Terms of Reference ("**TOR**") and are working hard to make sure the Group complies with sound corporate governance. Details on the Board Committees are stated as below:

ARMC

- Provides assistance to the Board in relation to the fulfilment of the Board's statutory as well as fiduciary responsibilities and ensure that the internal and external audits of the Group are being carried out adequately and effectively.

Remuneration Committee ("**RC**")

- Provides assistance to the Board in relation to the fulfilment of the Board's statutory and fiduciary responsibilities in respect of its remuneration responsibilities.

Nominating Committee ("**NC**")

- Provides assistance to the Board in relation to the fulfilment of the Board's statutory and fiduciary responsibilities in respect of its nomination responsibilities.

The roles and responsibilities, which include the functions, and the processes of the Board Committees are set out by the respective TOR which are available on the official corporate website at www.infolinetec.com.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND CEO

The roles of the Chairman and CEO are separated and held by different individuals with a clear division of responsibilities as set out in the Group's Board Charter.

The Chairman of the Board is primarily responsible for leading the Board and facilitating the effective contribution of all Directors at Board meetings, representing the Board to shareholders, chairing the general meeting of shareholders, and maintaining the efficient organisation and conduct of the Board's functioning amongst other responsibilities as set out in the Group's Board Charter. In addition, the Chairman of the Board is not a member of the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND CEO (CONT'D)

The CEO, who is appointed by the Board is responsible for the day-to-day management of the Group with all powers, discretion, and delegations authorised from time to time by the Board as well as being responsible for organisational effectiveness and implementation of Board policies, strategies, and decisions.

An example of a clear delegation of the roles of the Chairman and the CEO was portrayed by the Group as seen during Board meetings conducted where the Chairman runs the meeting and prompts discussions amongst members and the CEO who undertakes the management responsibilities provides input to the Chairman in the matters deliberated.

The separation of CEO and Chairman roles are set out in the Board Charter which is available on the official corporate website at www.infolinetec.com.

COMPANY SECRETARIES

The Board is supported by the Company Secretaries who are competent and qualified under the Act to carry out its oversight duties. The Group is currently supported by 2 external Company Secretaries who are Members of the Malaysian Institute of Chartered Secretaries & Administrators and are highly capable in exercising their duties.

The duties of the Company Secretaries amongst others are to provide relevant support to the Board in performing its responsibilities and providing advisory roles with regards to the Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance, and legislation such as the Act and the Listing Requirements. They are also in charge of preparing and attending the Board, shareholders and Board Committees meetings and all deliberations and decisions are properly minuted and kept. The Company Secretaries are also responsible for ensuring that all statutory registers and books are properly maintained.

All Board members and Directors have direct access to the advice and services of the Company Secretaries. Similar to the Board, each Board Committee is supported by the Company Secretaries and has access to independent advice as required for the performance of its duties.

The appointment and removal of the Company Secretaries is the responsibility of the CEO and is subject to the approval of the Board.

STRATEGIES TO PROMOTE SUSTAINABILITY

The Board assumes ultimate accountability and responsibility for the governance of sustainability of the Group including those expounded under Practice 4.1 of the MCCG. The Board shall take into account of sustainability considerations when exercising its duties including among others, the development and implementation of company strategies, business plans, major action plans and risk management, while strategic management of material sustainability matters shall be driven by Senior Management.

Environmental, Social & Governance ("**ESG**") issues have been factored into the Group's business strategies and decision-making as efforts towards global commitment of transition to a net zero economy.

In carrying out this responsibility, the Board is supported by the Group's stakeholders. The respective business units set, monitor and review ESG sustainability targets, and report the performance/results achieved to the Board.

The Group's strategic plan includes sustainability goals, strategies, and plans of the various business units. The Group identifies the relevant sustainability matters through a review of internal and external sources, which includes feedback from stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

STRATEGIES TO PROMOTE SUSTAINABILITY (CONT'D)

During FYE2023, sustainability matters that were deliberated by the Board and subsequently undertaken by the Group included the followings:

- Implementation of the scholarship programme with a local university;
- Encouraged employees to maintain a healthy lifestyle by subsidising gym membership;
- Conducted refresher training for anti-bribery and anti-corruption topics for all employees and highlighted the importance of compliance with the anti-bribery and anti-corruption laws; and
- Organised team building event to encourage employee engagement and team works.

Moving forward, the Group will continue to learn and gradually implement the following ESG practices and initiatives:

- To launch support programs to create more opportunities for the B40 group in the country;
- To introduce and implement flexible working hours for employees;
- Providing both internal and external training and development programs for employees to enhance technical knowledge and skills, which focus on the latest technologies, software, and tools that are relevant to the business operations;
- To create more awareness as to protecting the environment and recycling generated waste, with the right education and amenities prepared for this exercise; and
- To collect feedback from our employees on how the management can better support them in their roles.

As addressing material sustainability risks and opportunities is the responsibility of the Board and Senior Management, the performance evaluation of the Board and Senior Management includes the consideration of ESG issues or sustainability.

The Group ensures that continuous training and development on sustainability-related matters are provided to the Board members to ensure that they are up-to-date with all of the latest changes in policies and procedures revolving around sustainability.

Full details of the Group's commitments to sustainability are found in the Sustainability Statement of this Annual Report.

BOARD CHARTER

The Group's Board Charter sets out the respective functions, roles, and responsibilities of the Board, Board Committees, individual Directors, and Management as well as issues and decisions reserved for the Board to reflect the Board's commitment to best practices as prescribed in CG.

The Board Charter is made available on the official corporate website at www.infolinetec.com and will be reviewed by the Board at least once every 3 years or as and when the need arises to ensure it remains consistent and relevant with the Board's objectives, current law, and relevant practices. The Board Charter was reviewed and updated on 23 May 2023.

BOARD AND COMMITTEE MEETINGS

The Directors attend Board and Board Committee meetings with enough regularity to discuss issues that fall under their purview, and they provide enough time to carry out their duties efficiently. To ensure the smooth operation of Board meetings, a formal agenda that follows a structured format is distributed to all Directors at the earliest practicable time prior to each Board meeting. These materials include quarterly results and financial results of the Group and the Company and financial and corporate proposals. The Directors are thus given enough time to review the items that will be discussed at the Board meetings so that they may take part in the discussion and make informed decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD AND COMMITTEE MEETINGS (CONT'D)

A Director is obligated to disclose any potential conflicts of interest in the Group's investments, projects, or any transactions involving their interest and to withdraw from further discussion and the decision-making process. Senior Management and independent external advisers can be invited to Board meetings when needed to provide additional context and expert opinions on certain issues that will be put forth for the Board's consideration.

The Board meets on a quarterly basis, or as and when needed and the dates are set far in advance to allow the members to plan ahead. The Board will convene on an as-needed basis to discuss urgent issues. The Board also resolved and approved the Company's matters through circular resolutions during the FYE2023.

The Board meeting was held for a total of 6 times throughout FYE2023, including 1 Special Board meeting. During the FYE2023, the Board had deliberated matters, including but not limited to the quarterly financial results, business expansion to overseas countries including India and Japan, acquisition of a subsidiary in Singapore, declaration of dividends, business strategies, Board Committees' meeting minutes, and other critical issues concerning the Group. The Board members, during the meeting, were also briefed by the Company Secretaries on relevant topics in the Act and Listing Requirements. The minutes of the meetings were confirmed and signed by the Chairman at the subsequent meeting and circulated accordingly to the Board members.

The meetings of the Board and Board Committees held in FYE2023 and attendance records are set out below:

Committee/Name of Director	Number of meetings held	Number of meetings attended
Board of Directors		
Nor Azzam bin Abdul Jalil* (retired on 19 June 2023)	3	3
Choo Wei Chuen	6	6
Loo Wai Hong	6	6
Too Yit Meng	6	6
Tan Mui Ping	6	6
Alwizah Al-Yafii binti Ahmad Kamal	6	6
Olivia Lim	6	6
Ang Seng Wong* (appointed on 9 January 2024)	N/A	N/A
ARMC		
Tan Mui Ping*	5	5
Alwizah Al-Yafii binti Ahmad Kamal	5	5
Olivia Lim	5	5
RC		
Olivia Lim*	1	1
Alwizah Al-Yafii binti Ahmad Kamal	1	1
Tan Mui Ping	1	1
NC		
Alwizah Al-Yafii binti Ahmad Kamal*	2	2
Olivia Lim	2	2
Tan Mui Ping	2	2

*Chairman of the Board / Board Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Board is aware that the decision-making process heavily depends on the accuracy of the information provided. Every Director is entitled to full access to all information relating to the Group. In order for decisions to be made on an informed basis and for the Board to effectively carry out its duties, all Directors are given access to pertinent information and reports on financial, operational, corporate, regulatory, business development, and audit matters through Board reports or upon specific requests. Board member has full authority to seek any information they require from any employee of the Group and all employees must comply with such requests. Board and Committee papers providing accurate and complete information, review and analysis of matters and issues to be considered and deliberated are furnished to all Board/Committee members at the earliest practicable time prior to meetings.

Any Board member may take such independent legal, financial, or other advice as they may consider necessary, at the Group's cost and expense. Any director seeking such independent advice must first discuss the request with the Chairman, who must then agree and approve of this course of action and will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.

CODE OF CONDUCT, WHISTLE-BLOWING POLICY AND ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

As integrity is a core principle of the Group, the Board recognises its obligation to establish the Group's ethical tone. The Code of Conduct ("**the Code**") formalises the Board's commitment to upholding ethical ideals and corporate culture in the performance of its duties.

The Group is committed to sustaining a work environment that fosters integrity, caring, respect and professionalism for all our stakeholders. The Code comprises of company policies which serve as a guide to all individuals working at all levels and grades (in Malaysia or outside Malaysia and whether permanent, fixed term or temporary basis). All individuals are responsible for abiding by the Code in the performance of their duties. To maintain the Group's reputation and its customers' confidence in the Group, the Group aims to place their interests ahead of other personal interests when dealing with customers. The Group is dedicated to offering impartially great, effective, and efficient goods and services. The provisions of the Code are subject to periodic review and may be modified by the Board from time to time as when deemed necessary. The Code was last reviewed on 23 May 2023.

Whistle-blowing Policy was adopted by the Group to enable the reporting of genuine concerns about any actual or possible improprieties at the earliest opportunity so that appropriate actions can be taken to address or mitigate such concerns. This policy is designed to ensure that employees and member of public can raise concerns without fear of reprisals, provide a transparent and confidential process for dealing with concerns as well as maintaining a healthy working culture and an effective corporation. This policy is reviewed at least once every 3 years. The Whistle-blowing Policy was last reviewed on 12 July 2022.

The Group's Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**") was implemented to comply with Section 17A - Corporate Liability on the corruption of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), that sets out the Group's zero-tolerance stance against bribery and corruption in all forms. The Group takes the upholding of its anti-bribery and anti-corruption stance across the Group's activities seriously and expects the same from internal and external stakeholders to the Group, regardless of country of operation. The Group is also determined to ensure that no party will suffer detrimental treatment for refusing to give or receive a bribe in relation to the Group's activities.

The Code, Whistle-blowing Policy, and ABAC Policy, in accordance with the MCCG, are available on the official corporate website at www.infolinetec.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION

Our Board has the ideal mix of knowledge, skills, experience, diversity, and independence to carry out its governance role and obligations in an objective and effective manner. The Board has intensified its efforts to develop a diverse Board with a variety of skills, experience, age, cultural background, and gender. Diversity in its membership provides value by encouraging improved decision-making and effective governance. The Board is aware of the advantages of having a diverse range of skills, knowledge, experience, background, and gender among its members, as this would enhance effective Board deliberations and strong decision making when issues are evaluated from wider perspectives. The Board is also dedicated to creating a corporate culture within the Group that values all aspects of diversity and inclusion policies.

The Board currently comprises 7 members, 4 of which are Independent Non-Executive Directors while the remaining 3 members are Non-Independent Executive Directors. The composition of the Board exceeds the requirement in Rule 15.02 of the Listing Requirements which requires at least 2 Directors or 1/3 of the Board, whichever is the higher, to be independent. The profiles of the Directors are set accordingly in this Annual Report. The Board is also in compliance with Practice 5.2 of the MCCG that states at least half of the Board comprises Independent Directors.

There is presently no formal gender diversity policy established by the Group. Nonetheless, it is stated in the Board Charter that the Board views diversity (including gender diversity) in the boardroom as an essential factor in ensuring an effective and well-functioning Board. The Board is also in compliance with Practice 5.9 of the MCCG that states a Board should have at least 30% of women directors on the Board.

The Board, with the assistance of the NC, assesses the skills, experience, independence, and diversity required collectively for the Board to effectively fulfil its role on an annual basis.

NC

In line with Rule 15.08A in the Listing Requirements, the NC is comprised exclusively Independent Non-Executive Directors. The members are as follows:

Chairman	:	**Alwizah Al-Yafii binti Ahmad Kamal** *Independent Non-Executive Director*
Members	:	**Tan Mui Ping** *Independent Non-Executive Director* **Olivia Lim** *Independent Non-Executive Director*

The principal objective of the NC is to assist the Board in their responsibilities in nominating new nominees to the Board and Board Committees and ensure that their compositions meet the needs of the Company as well as establish and review the performance criteria to evaluate the performance of the Board, Board Committees, and each individual Director. The NC is also responsible for assessing the effectiveness of the Board and the Committees of the Board as a whole and each individual Director of the Board including the Independent Directors.

In line with the Listing Requirements, the Group's Board Charter and the Company's Constitution state that all directors shall retire at least once every 3 years but shall be eligible for re-election. Also, in line with the MCCG, the tenure of an Independent Director should not exceed a cumulative term of 9 years and can continue serving as Non-Independent Executive Director, if there is a valid, proper justification and shareholder's approval. Once the cumulative tenure exceeds 9 years, shareholder's approval must be obtained by the Board through a 2-tier voting process to retain the Director as an Independent Director. As at 31 December 2023, none of the Independent Directors of the Company had served the Board for a cumulative term of 9 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

NC (CONT'D)

The NC is responsible for assessing and recommending re-election of Directors who are due to retire in accordance with the Company's Constitution and for sourcing, identifying, reviewing, and recommending candidates for appointment to the Board and Board Committees. The NC takes into consideration the character, competency, knowledge, experience, professionalism, integrity, credibility, time commitment, and ability to discharge their responsibilities when appointing members of the Board ("**the Criteria**"). NC also considers recommendations by any other senior executive or any Director or major shareholder in identifying candidates for directorships within the bounds of practicability.

The NC has evaluated and satisfied that Ang Seng Wong has fulfilled the Criteria and recommended his proposed appointment as the Independent Non-Executive Chairman to the Board. The Board has subsequently approved his appointment to take effect on 9 January 2024. The identification of the aforesaid candidate has been facilitated through the recommendation from the Sponsor.

The Board, via the NC's annual assessment and fit and proper assessment, is satisfied with the performance of the Directors who are standing for re-election. At the upcoming AGM, 2 Directors namely, Loo Wai Hong and Tan Mui Ping will be retiring by rotation pursuant to Clause 76(3) of the Company's Constitution and who, being eligible, offered themselves for re-election. At the same time, Ang Seng Wong who was appointed to the Board on 9 January 2024 will retire in this upcoming AGM pursuant to Clause 78 of the Company's Constitution, and being eligible, has offered himself for re-election. The profile of the retiring Directors is disclosed in this Annual Report.

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG. The Board is committed to ensuring that the Independent Directors are capable of exercising independent judgment and acting in the best interest of the Company. The NC is in charge of assessing the independence of Independent Directors annually. The evaluation process with respect to the independence of the Independent Directors is carried out by an annual declaration by the respective Independent Director on their independence.

It was determined that all Independent Non-Executive Directors have remained objective and independent. Each of the Independent Non-Executive Directors has confirmed their independence in writing to the Group.

The NC's TOR is published on the official corporate website at www.infolinetec.com. The NC's TOR was last reviewed on 30 October 2023.

The following summary of works were undertaken by the NC during the FYE2023: -

- Reviewed and assessed the independence of the Independent Directors;
- Reviewed the summary of the Board members and Senior Management evaluation report for the financial year ended 31 December 2022;
- Reviewed and recommended the re-election of Directors;
- Reviewed and recommended the change of Chief Financial Officer;
- Reviewed and recommended the revised TOR of NC; and
- Reviewed and recommended the appointment of Directors in the Company's subsidiary.

BOARD ASSESSMENT

Board evaluation has been carried out on an annual basis. The evaluation process will be carried out in the form of evaluation questionnaires completed, reviewed, and suggested recommendations are tabled to the Board. The evaluation process in respect of the independence of the independent Directors is carried out in the form of evaluation questionnaires.

The evaluation criteria and process shall be reviewed at least once every 3 years or as and when there are new regulatory provisions in place to ensure those criteria remain relevant and appropriate.

The Board had completed the evaluation for Board members and Senior Management for FYE2023. The performance of the Directors and Senior Management is assessed based on the established key factors as part of the overall evaluation. Further details on the evaluation are stated in the Group's CG Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

DIRECTORS' TRAINING

All Directors who are new to the Group goes through an induction process to provide them with a rapid and clear insight into the Group as well as keeping them abreast with development in the marketplace pertaining to their roles.

The induction process may include visits to key sites, wherever necessary, to increase their understanding of the Group's business and risks associated with the operations. NC is in charge of ensuring that all orientation and education programmes are provided for new members of the Board as well as ensuring that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to be kept updated with any statutory and regulatory requirements. No induction programmes were conducted during FYE2023.

All Directors have attended the Mandatory Accreditation Programme Part I in relation to a Director's roles, duties and liabilities prescribed by Bursa Securities. During FYE2023, the Directors of the Company attended the following webinars, workshops, forums, roundtables, and training programmes ("**Programmes**") as stated in the table below:

Directors	Trainings attended	Date
Tan Mui Ping	A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs	14-Apr-23
	Board Audit Committee (BAC) Dialogue & Networking	6-Jun-23
	The Edge Malaysia ESG Forum 2023	10-Jul-23
	The Cooler Earth Sustainability Summit	11 to 12 Sep 2023
	ACCA Technical Symposium 2023	21-Sep-23
	ACCA Virtual Seminar - Post Budget 2024	6-Nov-23
Alwizah Al-Yafii binti Ahmad Kamal	Business Strategy Forum by Asia Pacific Institute for Strategy	20-Jan-23
	Transforming Culture Towards Sustaining Corporate Consciousness	5-Sep-23
	AI & Chat GPT	12-Oct-23
	Employment Act 1955 & Amendments	28-Nov-23
Olivia Lim	Key Amendments to The Employment Act 1955 and The Industrial Act 1967	14-Jan-23
	Minutes Writing – How to Write Effectively	22-Jun-23
	Baker Tilly Malaysia Tax & Budget Webinar	1-Nov-23
	3rd Conference on Corporate and Commercial Law – by Bar Council	4 to 8 Dec 2023

Saved as disclosed above, other Directors of the Company was not able to select suitable training programmes to attend during the FYE2023 due to their occupied working schedule. However, they have constantly been updated relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

TIME COMMITMENT

The Directors must invest enough time and effort to fulfil their obligations as stated in the Board Charter. When the Directors are appointed, the Board asks for their commitment. In addition to attending meetings of the Board and Board Committees, each Director is expected to dedicate time as and when it is needed to carry out the pertinent duties and obligations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

TIME COMMITMENT (CONT'D)

A Director must inform the Chairman of the Board of their acceptance of any additional directorships in publicly traded businesses, if any. Directors need to ensure their continued time commitment to serve the Group and not conflict or perceived to conflict with their employment and commitment.

Currently, none of the Directors holds more than 5 directorships in listed companies under Rule 15.06 of the Listing Requirements. The other directorships held by individual directors are detailed in the Director's profile section of this Annual Report.

REMUNERATION MATTERS

Remuneration Policy and Procedures

A Remuneration Policy was updated by the Board in February 2023 to reflect the current component of the remuneration packages and current structure of the Board and Senior Management, as per Practice 7.1 of the MCCG. The Remuneration Policy comprised remuneration guiding principles, remuneration components as well as key consideration factors. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive.

The remuneration of Executive Directors and Senior Management is made up of fixed salary, bonus, allowance and other benefits and the reimbursement of expenses incurred, if any, in the course of performing their services. They are structured in such a way that it is competitive, and the scale of salaries should be within the scope of experience, skills, performance, etc. and not dependent on short-term performance to avoid incentives for excessive risk-taking. The remuneration of the Non-Executive Directors and Independent Directors is determined by qualification, experience, and competence, having regard to their responsibilities, time commitment and annual evaluation. A review of the quantum and composition criteria to be used in recommending the remuneration package of the Directors and Senior Management is performed once every year.

RC

RC was established by the Group to assist the Board in implementing policies and procedures on remuneration including reviewing and recommending matters relating to remuneration of the Board and Senior Management as well as ensuring the Directors and Senior Management are rewarded appropriately for their contribution to the Group's overall performance, keeping in mind their level of executive responsibility, which is in line with Practice 7.2 of the MCCG. RC is comprised of 3 Independent Non-Executive Directors. The members are as follows:

Chairman	:	**Olivia Lim** *Independent Non-Executive Director*
Members	:	**Tan Mui Ping** *Independent Non-Executive Director* **Alwizah Al-Yafii binti Ahmad Kamal** *Independent Non-Executive Director*

The TOR for RC is available on the official corporate website, www.infolinetec.com for reference. The RC's TOR was last reviewed on 30 October 2023.

Remuneration of Directors and Senior Management

The breakdown of the total remuneration paid or payable or otherwise made available to all Directors of the Group and the Company who served during the FYE2023 is detailed in the CG Report 2023 under Practice 8.1 whereas the Senior Management's remuneration band for the FYE2023 is detailed in the CG Report 2023 under Practice 8.2.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

ARMC

The ARMC had been entrusted by the Board to execute its governance and oversight responsibilities in ensuring discharging of its statutory and fiduciary duties and responsibilities relating to accounting and reporting practices as well as risk management policies and strategies of the Group.

The Board assumes ultimate accountability and responsibility to assess and identify the principal risks of the Group's businesses in recognition that business decisions involve the taking of appropriate risks and to ensure there is a sound framework for internal control and risk management. In accordance with the MCCG, the Board reviews and oversees the adequacy and integrity of the Group's internal control systems and management information systems, as well as reviews and approves the Financial Statements encompassing annual audited accounts and quarterly reports and ensure the integrity of the Group's financial and non-financial reporting.

The TOR for ARMC is available on the official corporate website, www.infolinetec.com for reference.

CHAIRMAN OF ARMC

The ARMC comprises of 3 members, all are Independent Non-Executive Directors with the Chairman of ARMC and the Chairman of the Board being 2 different individuals. The members of the ARMC are as follows:

Chairman	:	**Tan Mui Ping** *Independent Non-Executive Director*
Members	:	**Alwizah Al-Yafii binti Ahmad Kamal** *Independent Non-Executive Director* **Olivia Lim** *Independent Non-Executive Director*

The ARMC Chairman is a member of the Malaysian Institute of Accountants since December 2001. The Group had complied with Rules 15.09 (1)(a), (b) and (c)(i) of the Listing Requirements.

All members of ARMC are financially literate, have the necessary level of skill and experience, and have a thorough grasp of the Group's operations. They are also capable of objectively reviewing, analysing, challenging, and making recommendations on matters under the ARMC's purview, including the financial reporting process. The ARMC comprises of members with legal backgrounds as well as group finance matters, tax planning, company secretarial work and business development.

None of the ARMC members had previously served as audit partners, who should serve at least 3 years of cooling-off period before being appointed. The ARMC Report of this Annual Report contains specifics about the composition, obligations, and duties of the ARMC.

Assessment of suitability, objectivity, and independence of External Auditors

The ARMC assesses the suitability and independence of the External Auditors on an annual basis. Areas of assessment including amongst others, the External Auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs and opinions from the Company's personnel who had constantly contacted with the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the External Auditors.

In order to demonstrate their independence, the External Auditors will have to provide ARMC with a written confirmation that they will conduct the audit engagement independently, in compliance with all applicable professional and legal standards. In its annual audit plan, which was presented to ARMC during FYE2023, a declaration was made by the External Auditors that they have complied with the independence requirement of the By-Laws on Professional Independence issued by the Malaysian Institute of Accountants. The External Auditors also presented their latest Transparency Report covering the financial year ended 31 December 2022 to re-iterate their commitment to providing their client with the highest quality of service, transparency and governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

CHAIRMAN OF ARMC (CONT'D)

Assessment of suitability, objectivity, and independence of External Auditors (Cont'd)

The ARMC is also empowered by the Board to review the engagement, compensation, performance, qualification, and independence of the External Auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of External Auditors for all other services. The terms of engagement for services provided by the External Auditors are reviewed by the ARMC prior to submission to the Board for approval.

The Board and the External Auditors have a formal and transparent collaboration through the ARMC. Through the statutory audit function, the External Auditors continuously analyse, assess, and improve the Group's accounting policies and practices, including internal control measures.

Details of activities carried out by the ARMC in FYE2023 are disclosed under ARMC report in this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for monitoring the adequacy and efficiency of the Group's internal control system, which includes the governance, risks, and controls components. The Board agrees that effective system maintenance is critical to assisting the Group in achieving its many objectives on a variety of levels, taking into account the risks the Group faces, balancing the interests of its numerous stakeholders, and safeguarding the Group's assets and investments.

The assistance provided by the ARMC enables the Board to carry out its oversight function of the group's internal control and risk management systems, including performing its duty to maintain these systems' sufficiency and effectiveness in protecting shareholders' investments and the group's assets.

The ARMC has been tasked to review the risk reports, closely monitor extreme risks and identify new and emerging risks. ARMC is accountable to the Board and shall inter alia meet and report to the Board its findings and recommendations on any matters regarding risk management.

Meanwhile, an outsourced independent professional service provider, Sterling Business Alignment Consulting Sdn. Bhd., was appointed to assist the ARMC and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal audit function.

An overview of the Board's responsibility, the state, and descriptions of the key components of the Group's system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management are set out in the Statement on Risk Management and Internal Control ("**SORMIC**") in this Annual Report. The SORMIC provides further details of risk management activities and internal audit functions within the Group.

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

The Group is dedicated to providing its stakeholders with accurate and timely corporate information. The Group understands the need to reconcile shareholder expectations with the Group's ability to create value. Therefore, it is crucial to give shareholders and the larger investing community the tools they need to obtain current information, take part in the Group's shareholder vote, and establish channels for two-way communication with the Group, the Board, and shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

COMMUNICATION WITH STAKEHOLDERS

The Group's Corporate Communication Policy is intended as a guideline for the Group in fulfilling its obligations to ensure that all information relevant and material to the Company's shareholders and the market is disclosed in a timely manner while protecting the Group's commercially sensitive information. The Group is guided by Rule 9.02 of the Listing Requirements with the consultation of the Company Secretaries, advisers and/or other service providers.

The official corporate website, www.infolinetec.com, is one of the most convenient ways for shareholders and stakeholders to access to obtain corporate information, news, and events pertaining to the Group. The Investor Relations area of the corporate website provides information on the Group's corporate information, daily stock price, corporate governance (Group's policies and TOR), Bursa announcements, financial information, stock information, investor centre & reports and investor resources. It acts as a platform for timely and accurate disclosure of all material information to the Group's stakeholders.

Apart from the disclosures and announcements made to Bursa Securities, i.e., quarterly financial reports, Annual Reports, and media releases, any queries regarding the Group may be addressed to the designated email address at info@infolinegroup.com. A template is provided on the website to ease the enquiry process.

The primary forum for discussion and interaction among shareholders will be the Company's AGM. Shareholders are encouraged to take part in the question-and-answer session.

CONDUCT OF GENERAL MEETING

The Group's AGM and other meetings of shareholders remain the main channel of communication with the Group's shareholders. The Board Chairman and the respective Chairman of all Board Committees are fully aware of their responsibilities and would commit themselves to attending the AGM to respond to shareholders' questions that fall within their respective scope of responsibilities. During the question-and-answer session, shareholders could ask questions about the resolutions that will be considered at the meetings as well as other matters pertaining to the Group's operations and affairs.

In FYE2023, the Company served notice of its Second ("**2nd**") AGM held on 19 June 2023, at least 28 days before the meeting, fully complied with the requirement under the Act and the Listing Requirements. Together with the Notice of AGM, the Company attached the information on administrative details such as details of the meeting, shareholders' right to attend the meeting, their right to appoint a proxy and information as to who may act as a proxy.

All Board members together with the Chair of ARMC, NC, RC and the Management attended the 2nd AGM and updated the shareholders with the latest development of the Group and also addressed the questions raised during the AGM. The External Auditors also attended the AGM and engaged with the shareholders particularly relating to the financial statements of the Group.

In accordance with the Listing Requirements, the Board put all resolutions to vote by way of poll at the AGM and the results of the polling were made to Bursa Securities on the same day.

The minutes of the 2nd AGM held on 19 June 2023 have been made available to shareholders promptly after the AGM on the official corporate website at www.infolinetec.com.

COMPLIANCE STATEMENT

This CG Overview Statement together with the CG Report 2023 has been reviewed, discussed, and approved by the Board as of 27 March 2024. The Board is happy to inform its shareholders that, to the best of its knowledge, the Group has complied with most of the CG practices and will continue to do so by continuously adopting the MCCG's guiding principles and best practices, relevant rules under the Listing Requirements, as well as all other applicable legislation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

A company is unable to achieve its objectives and maintain success without proper governance, risk management and internal control processes. A company should maintain a focus on its business risks and ensure that the necessary mechanisms are implemented to track down and manage those risks.

The Board of Directors ("**Board**") of Infoline Tec Group Berhad and its subsidiaries ("**the Group**") is pleased to present its Statement on Risk Management and Internal Control ("**SORMIC**") for FYE2023, which has been prepared in accordance to Rule 15.26(b) of the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Practice 10.1 and 10.2 of the Malaysian Code on Corporate Governance ("**MCCG**"), as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**the Guideline**").

The Group's internal control and risk management activities for FYE2023 are described in this statement together with their nature and scope. The Board is committed to upholding a strong internal control and risk management system for the Group and recognises the significance of using a systematic approach to examine the risk and internal control procedures of the Group.

BOARD'S RESPONSIBILITIES

The Board recognises the importance of a sound framework of risk management and internal control for good corporate governance and to safeguard the Group's assets and shareholders' interests. In carrying out its obligations, the Board is fully dedicated to maintaining suitable risk management and internal control systems and monitoring their adequacy and effectiveness in order to provide assurance on the execution of the Group's objectives.

The Board believes that rather than eliminating the risk of not fulfilling the Group's aims and objectives, the risk management framework and internal control system are created to manage the Group's risks within the acceptable risk appetite. Due to inherent limitations in the internal control and risk management system, the Board recognises that such a system is designed to manage risk within the Group's tolerance level. As a result, these systems can only give reasonable but not total assurance against substantial misstatement or loss.

The Board is responsible for reviewing the Group report on risk management and communicating Group risks issues back to the Management. The Board's duty also includes identifying new and emerging risks affecting the Group. The accountability to approve the Group's risk management framework which defines the objectives, principles, activities, and areas of responsibility of risk management sits with the Board. Furthermore, the Group's Board is also in-charge of overseeing the effectiveness of the framework and delegating the responsibility for implementing the related policies and procedures to Management.

Audit and Risk Management Committee ("**ARMC**"), empowered by its Terms of Reference ("**TOR**") is accountable to the Board and reports to the Board of its findings and recommendations on any matters regarding risk management, amongst other matters. The Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") are responsible for the method, implementation, and supervision of risk management across the Group and report on these to the Board and ARMC. The corporate level risk management function duties on the other hand, are to develop group-wide risk management principles, practices and risk reports, development of tools and the application as well as adoption of these tools. To have adequate authority to modify company practices, the CEO and the key heads at the subsidiary-level should lead the risk management effort and function as the designated risk management champions at their respective levels.

The Board has delegated the responsibility of undertaking the process of periodic review to the ARMC, whose responsibilities and duties are detailed in the ARMC Report of this Annual Report. The Board will implement the relevant action plans as needed to further improve the Group's internal control and risk management systems as part of its continuous improvement efforts.

For FYE2023, the Board deliberated, reviewed, and approved matters relating to risk management including the updates of the Group's risk register, etc.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT

ARMC

The ARMC was established by the Board to assist them in discharging its duties relating to risk management policies and strategies of the Group. They are in charge of determining the quality, adequacy, and effectiveness of the Group's control environment as well as to fulfill its corporate governance, risk management, and statutory responsibilities in order to manage the overall risk exposure. ARMC duties also include reviewing Group reports, identifying new and emerging risks affecting the Group as well as advising the Board on Group risk issues. Further duties and responsibilities of the ARMC are stated in its TOR which is posted on the Group's official corporate website, www.infolinetec.com.

For FYE2023, ARMC members deliberated, discussed, and continued to improve the risk management framework that is conducive to the Group based on the principles that have been set forth in the Enterprise Risk Management Policy.

Enterprise Risk Management ("**ERM**") Principles

The Group shall adhere to the following principles in managing risks:
- Create value and contribute to the achievement of business objectives.
- Be an integral part of organisational processes.
- Be part of a decision making.
- Explicitly address uncertainty.
- Be systematic, structured, and timely.
- Based on the best available information.
- Tailored to align with the external and internal context and risk profile of the Group.
- Take human and cultural factors into account.
- Transparent and inclusive, and involving all levels of stakeholders.
- Be dynamic, iterative, and responsive to change.
- Facilitate continual improvement and enhancement of the organisation.

Risk Management Framework

The Group adopts the Committee of Sponsoring Organisations ("**COSO**") Enterprise Risk Management Framework and generic guidelines on risk management as a guideline for identifying, evaluating, managing, and monitoring significant risks by the Group in order to align its risk management process with industry best practices. The Board fully endorses Practices 10.1 and 10.2 of the MCCG, which call for the establishment of an effective risk management and internal control framework and the disclosure thereof. The Group established an ERM framework, comprising from risk management strategies, processes, and structure to the culture as stated in the Enterprise Risk Management Policy. The following diagram illustrates the risk management governance as implemented in the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

Risk Appetite

The Board and Management will decide on the Group's risk appetite as part of an interactive strategic process. Identical actions will be carried out by the Board and Management teams at the subsidiary-level for each of the key subsidiaries. It is crucial to ensure that the individual appetites and tolerances match those of the Board. The actual number of risks involved must be tracked and compared to the pre-determined tolerance.

In order to ensure target and plan alignment across the Group, risk appetite shall serve as a reference for developing strategies and plans at both the Group and subsidiary-levels. The Board and Senior Management will:

- consider their appetite for a limited number of key risk categories at the Group-level (i.e. all "Level 1" Risks); and
- identify specific limits and minimum operating standards (or policies) that should be adhered to for individual risk types (i.e. determine risk tolerances at a more granular level of risk, "Level 2" Risk).

The above criteria and steps will be repeated at the subsidiary-levels.

Risk Identification, Analysis, Ranking and Evaluation

Risk identification is a manner of recognising the cause of risk, events (process or circumstances that may have a material impact on the Group's objectives) and their causes (the source of risk) as well as potential consequences that may arise from the identified risk (the nature of the impact). The methods of identifying risks include evidence-based methods, inductive reasoning techniques and brainstorming techniques, amongst others.

The Group's risks are identified in 3 different stages:

- Entity Risks
  Each department or division in the Group is responsible for identifying and indicating the degree of importance of each risk category observed by its operations, and reporting on it in an entity-level risk register.

- Subsidiary Risks
  A subsidiary-level risk register is developed for each subsidiary. Once the respective head of the subsidiary and Management review and deliberate on the results of the review of the entity-level risk register, it will be reported and documented in the subsidiary-level risk register.

- Group Risks
  The CFO and relevant Directors of the Group will analyse the subsidiary-level risk register at the corporate-level and the risks are evaluated on their relative consequences from the Group's viewpoints. A Group-level risk register will then be created.

After risks have been identified, they will be evaluated for their potential positive and negative effects as well as the likelihood that those effects will materialise. This evaluation will also take into account the causes and sources of risk as well as the existence (or absence) and efficiency of existing controls. The level of risk is then calculated by combining the likelihood and the consequences.

Risks will be ranked by assigning scores of each risk category based on view of Risk Owners who are individuals with key roles in ensuring the effective management of specific risks for which they are responsible (i.e. a number ranging from 1 to 5 for likelihood and consequence).

Risk evaluation is the comparison of estimated levels of risk with the specified risk criteria to identify the relevance of the degree and type of risk. Ethical, legal, financial, and other considerations including perceptions of risk should be used to come up with a decision. If the level of the risk established is low, then the risk may fall into an acceptable category and treatment may not be required.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

Risk Reporting

A bottom-up risk assessments will be performed by subsidiaries and corporate functions on an annual basis. All subsidiaries will submit the risk management report (risk registers and risk reports) which will then be consolidated at the Group-level to develop a Group Risk Report. ARMC will then review the Group Risk Report and the Chairman of ARMC will report to the Board. An ad-hoc reporting may also be requested by the Board and ARMC or Management when needed.

The timeline and deliverables of the yearly cycle are as follows:
October – Subsidiary-level:
- final review of risks as part of the annual budget exercise
- identification and treatment of risks
- completion of Subsidiary Risk Reports (Subsidiary Risk Register & Subsidiary Risk Report)
- submission to the Group Head Office

Mid December – Group-level:
- review of risks from the Group's perspective
- identification and treatment of risks at Group-level
- combining subsidiary risks profile to develop a Corporate Risks Report
- submission to ARMC

December – Group-level:
- discussion with ARMC on the Group Risks Report

INTERNAL AUDIT

Based on the TOR, ARMC will review the internal audit plan and results of the internal audit assessments and investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal auditors. They will also consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the Management in response to audit findings.

There were 2 internal audits and 2 follow-up status reviews performed for FYE2023. The results for the audits conducted on the Management Information System (Internal Support functions) and the Human Resources and Administration for the Group did not find any material weakness, nevertheless, some further improvements and enhancements were suggested. There were no major issues reported in relation to its controls and compliance process. Therefore, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that would require separate disclosure in the Annual Report. Nevertheless, for areas requiring attention, measures have been and are being taken to ensure on-going adequacy and effectiveness of internal controls and safeguard shareholders' investments and the Group's assets.

Further details on the internal audit function are outlined in the ARMC Report of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL PROCESS

The Board recognises that the Group's internal control systems are made to manage and minimise risks that could prevent it from attaining its aims and objectives. It offers a fair level of protection against the occurrence of any material management misstatement, including those involving financial data, business operations, environmental compliance, and losses or fraud. The internal control systems are integral to how the Group operates and necessary for sound commercial reasons.

The internal control systems are created by using the Committee of the Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control Integrated Framework and are periodically reviewed by the Board throughout the year, taking into account any changes in the regulatory, applicable laws, and business environment to ensure adequate and reliable internal control systems.

The Directors are responsible for the Group's system of internal controls. The internal control covers the financial and non-financial aspects including risk assessment. It also encompasses compliance and operational controls, as well as risk management matters. The Group has formalised Standard Operating Procedures which take into consideration the adequacy and integrity of the system of internal control.

Organisation Structure and Authorisation Procedures

The Group has clearly defined lines of authority and responsibilities to enable swift response in a constantly changing business environment, efficient oversight of day-to-day business conducts, and accountability. These include the establishment of a formal organisational structure and creating a Limit of Authority ("**LoA**") matrix that describes the Board and Management's approval authority and limits across several crucial activities. The LoA has received the necessary Board approval and is periodically reviewed and improved to make sure it still accurately reflects the Group's risk tolerance and accountability levels.

Board Meetings and Management Review Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman leads the presentation of Board papers and provides a comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Board Committees and Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept abreast of the Group's activities and its operation on a quarterly basis by Management.

Management meetings are held on a regular basis to discuss and update on business development and operations across the organisation and any other matters.

Strategies, Policies and Procedures

The Group's internal control processes are supported by a range of strategies, policies, and procedures. Senior Management implements and communicates key strategies and policies to employees. Employees need to ensure adherence to the policies and procedures set by the Group.

Code of Conduct

The Group is committed to conducting its business in an open, honest, and ethical manner. The Board has set the tone at the top for corporate behaviour and corporate governance. Code of Conduct is the main reference for all employees when dealing with various internal and external stakeholders with high integrity standards. The Code of Conduct, which is available on the official corporate website, and incorporated in the ARMC's TOR, applies to the Board and employees of the Group to improve ethical standards. All employees of the Group are expected to act ethically and professionally at all times in order to safeguard and promote the Group's reputation and performance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL PROCESS (CONT'D)

Whistle-blowing Policy

The Board has established a Whistle-blowing Policy to provide employees in the Group a means to express concerns about potential violations of corporate ethics, failure to comply with legal and regulatory obligations, and other wrongdoings. The protection provided to whistle-blowers who report these abnormalities in good faith is outlined in the Whistle-blowing Policy as set out on the official corporate website.

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

The Group is committed to conducting its business with integrity and in an ethical manner and has established an ABAC Policy to set out the Group's zero- tolerance stance against bribery and corruption in all forms. The ABAC Policy applies to the Group's Directors and employees, including permanent, temporary, full-time, part-time, probationary, contract employees, trainees and interns, as well as any third parties performing service for or on behalf of the Group. Other stakeholders apart from those mentioned above such as governments, government agencies, and customers are advised to adhere to the ABAC Policy for all activities involving the Group.

Related Party Transactions ("**RPT**")

RPTs are examined, followed-up on, and periodically submitted to the Board by the ARMC.

ASSURANCE FROM MANAGEMENT

The CEO and CFO have provided the Board with assurance that the Group's risk management and internal control system is functioning adequately and effectively in all material respects for FYE2023 and up to the date of approval of this statement, based on the risk management and internal control system adopted by the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements by Bursa Securities, the external auditors, Messrs Crowe Malaysia PLT ("**Crowe**"), have reviewed this SORMIC in accordance with Audit and Assurance Practice Guide 3 ("**AAPG 3**"), Guidance for Auditors on Engagements to Report on the SORMIC, issued by the Malaysian Institute of Accountants ("**MIA**") for inclusion in this Annual Report.

Based on the limited assurance procedures and review, the External Auditors have informed the Board that nothing has come to their attention that has caused them to believe this Statement has not been prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

CONCLUSION

There were no notable flaws or breakdowns in the Group's internal control system that led to major losses experienced by the Group for FYE2023. The Board considers the current review framework, risk management, and internal control systems to be adequate for the present state of operations and effective in safeguarding the Group's interests and assets. However, the Group will continue to take the required steps to guarantee that the internal control and risk management systems are operating effectively and efficiently in accordance with the Group's changing business evolution.

The release of this statement has been authorised by the Board on 27 March 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

OBJECTIVES

The main goal of the Audit and Risk Management Committee ("**ARMC**") is to assist the Board of Directors ("**Board**") to fulfil its legal and fiduciary obligations and duties regarding Infoline Tec Group Berhad's ("**Infoline Tec**" or "**the Company**") and its subsidiaries' ("**the Group**") accounting and reporting standards as well as risk management strategy and techniques.

The ARMC is also in charge of evaluating the external auditor's independence and objectivity as well as the calibre of the audit he or she performed. On the appointment or re-appointment of the external auditor, the ARMC is responsible for making a recommendation to the Board as well as monitoring the performance and effectiveness of the internal audit function.

MEMBERS OF THE ARMC

The ARMC was formed by the Board on 3 November 2021, in line with the Bursa Malaysia Securities Berhad's ("**Bursa Securities**") ACE Market Listing Requirements ("**Listing Requirements**"). The ARMC currently comprises 3 members, all of whom are Independent Directors, and each satisfies the "independence" requirements contained in the Listing Requirements.

The main roles and responsibilities of ARMC are set out in its written Terms of Reference which is available from the Group's official corporate website at www.infolinetec.com. The ARMC's annual work plan is built around these duties and modified as necessary throughout the course of the financial year. The ARMC is permitted to request any information it needs from Management and other parties, as well as to look into any problems or concerns it deems necessary. The primary responsibilities outlined in the Terms of Reference, amongst others, are as follows: -

- Review all matters in relation to the external and internal auditors.
- Review and recommend the quarterly and annual financial statements for approval by the Board.
- Conduct periodic reviews of the involvements of the Chief Executive Officer and Executive Directors in the companies outside of the Group to avoid conflict of interest.
- Review and monitor any related party transaction / business dealings entered by the Group and any conflict-of-interest situation that may arise within the Group.
- Oversee and recommend the risk management policies and procedures of the Group as well as changes as needed and implement and maintain a sound risk management framework.
- Review the risk profile of the Group and evaluate the measures taken to mitigate the business risks and review the adequacy of the Management's response to issues identified in risk registers.
- Perform the oversight function over the administration of Whistle-blowing Policy that is approved and adopted by the Board.
- Consider the major findings of internal investigations and the Management's response.
- Review and monitor matters regarding internal audit function.

The members of the ARMC are as follows: -

Chairman	:	**Tan Mui Ping** *Independent Non-Executive Director*
Members	:	**Alwizah Al-Yafii binti Ahmad Kamal** *Independent Non-Executive Director* **Olivia Lim** *Independent Non-Executive Director*

All members of the ARMC are financially literate and Independent Non-Executive Directors, being compliant with Rules 15.09 and 15.10 of the Listing Requirements.

The Chairman of the ARMC, Ms Tan Mui Ping has been a member of the Malaysian Institute of Accountants ("**MIA**") since December 2001 and has over 20 years of experience in senior finance roles. Furthermore, in compliance with Practice 9.1 of the Malaysian Code on Corporate Governance ("**MCCG**"), the Chairman of the ARMC is not the Chairman of the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

MEMBERS OF THE ARMC (CONT'D)

The remaining 2 members of the ARMC, Ms Alwizah Al-Yafii binti Ahmad Kamal and Ms Olivia Lim, who both have over on average of 20 years of experience in the legal profession which demonstrates that the ARMC has the industry-specific expertise, as well as the necessary commercial, regulatory, financial, and audit expertise, to carry out its duties. Since their appointments, the ARMC members have gained additional knowledge and experience of the sector and the Group as a result of their Board membership and various in-person and virtual site visits.

Further details of the members of the ARMC are contained in the Profile of Directors as set out in this Annual Report.

MEETINGS AND ATTENDANCE

The ARMC has convened 5 meetings during the financial year ended 31 December 2023 ("**FYE 2023**"). The record of attendance of the ARMC meetings is as follows: -

ARMC Members	No. of meeting attended	Percentage
Tan Mui Ping	5 of 5	100%
Alwizah Al-Yafii binti Ahmad Kamal	5 of 5	100%
Olivia Lim	5 of 5	100%

ARMC members should hold ARMC meetings at least 4 times in a year or when deemed necessary and the notice should be issued within a reasonable time. The Chief Financial Officer and a representative of the internal and external auditors respectively should attend the ARMC meetings.

The Chairman of the ARMC shall call a meeting of the ARMC upon the request of the external auditors to discuss any subject that the external auditors believe should be brought to the attention of the ARMC, the Board, or the shareholders. Meetings may be attended by additional Board members and employee upon invitation from the ARMC. When deemed necessary, the ARMC shall have the authority to call meetings with the external auditors, internal auditors, or both without the presence of Board members or employee.

The Company Secretaries recorded the minutes for each ARMC meeting and tabled them for confirmation and adoption at the following ARMC meeting. They were then brought to the Board for notation. Each meeting will be reported on by the ARMC Chairman to the Board.

TERMS OF REFERENCE

The Terms of Reference of the ARMC, which is posted on the Group's official corporate website at www.infolinetec.com and compliant with Bursa Securities and the MCCG, serve as a guideline for the members of the ARMC. When deemed necessary, the ARMC's Terms of Reference will be evaluated, revised, and modified.

The ARMC's Terms of Reference were last revised on 30 October 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

SUMMARY OF WORK OF THE ARMC

In discharging its functions and duties, the ARMC had carried out the following work during the FYE 2023:

Risk Management and Internal Control

- All the key risks areas in the registry of risks were updated and reviewed quarterly.
- Reviewed the following revised/updated governance documents and recommended the same for the Board's approval and adoption: -
  - ➢ Terms of Reference of ARMC;
  - ➢ Limits of authority;
  - ➢ Credit application form;
  - ➢ Credit application approval process policy;
  - ➢ Allowance of doubtful debt policy; and
  - ➢ Conflict of interest policy
- Reviewed the disclosures in the ARMC report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Corporate Governance Report and other statements for inclusion in the Annual Report for the financial year ended 31 December 2022.
- Reviewed the banking facilities and expenditures pursuant to the Company's Limit of Authority.
- Reviewed the conflict of interest policy as well as to ensure that there is no conflict of interest or potential conflict of interest situation took place during the FYE 2023.

Financial Reporting

- Reviewed and discussed the quarterly and year-end financial statements, prior to recommendations to the Board for consideration and approval. The key areas of focus included the following:
  - ➢ Any change in accounting policies and practices;
  - ➢ Significant adjustments, if any, arising from the audit;
  - ➢ Going concern assumptions;
  - ➢ Compliance and accounting standards and other legal requirements;
  - ➢ Significant matters highlighted in the financial statements, if any; and
  - ➢ Significant judgements, if any, made by the Management.
- Reviewed the proposed declaration of dividends prior to recommendations to the Board for consideration and approval.

External Auditors

- Evaluated and reviewed the external auditor's terms of engagement, audit plan, nature, approach, independence and scope of the audit.
- Reviewed with external auditors, the issues arising from the identified Key Audit Matters ("**KAM**") and the audit procedures in addressing such KAM, management's response, external auditor's evaluation of the Internal Control System and the results of their audit for the financial year ended 31 December 2022 and their audit report.
- Reviewed and recommended to the Board for approval, the fees for the audit and non-audit services for the financial year ended 31 December 2022.
- Had a private dialogue session with the external auditors on 15 February 2023 without the presence of the Executive Directors and Management of the Company.
- Reviewed the effectiveness of external auditors and recommended their re-appointment to the Board for ensuing at the Second Annual General Meeting of the Company.
- Reviewed the transparency report from external auditors for the financial year ended 31 December 2022.
- Reviewed and recommended the appointment of the external auditors for the Company's subsidiary in China for the financial year ended 31 December 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

SUMMARY OF WORK OF THE ARMC (CONT'D)

Internal Audit Function

- Reviewed the Enterprise Risk Management Handbook, Risk Register and Risk Matrix presented by Sterling Business Alignment Consulting Sdn Bhd ("**Sterling**"), the internal auditors.
- Reviewed and deliberated the internal audit reports on significant issues and audit findings, audit recommendations, and Management responses and action plans.
- Monitored the implementation of audit recommendations to ensure that all key risks and controls issues were being addressed.
- Follow-up reviews to assess if appropriate action had been taken to address issues highlighted in previous audit reports.

Related Party Transactions ("**RPT**")

- Reviewed and discussed reports on RPT and Recurrent RPT ("**RRPT**") transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and normal commercial terms, consistent with the Company's usual business practices and policies, which are not more favourable than those available to the public and other suppliers and are not detrimental to the minority shareholders.
- Monitored the threshold of the RPT and RRPT to ensure compliance with the Listing Requirements.

ARMC PERFORMANCE REVIEW

The evaluation was conducted in February 2024 for FYE2023. The evaluation was conducted via self and peer-evaluation and the ARMC evaluation. The results of the evaluation forms were compiled and presented to NC for deliberation and recommended to the Board for notation.

The evaluation results revealed that the overall operations of the ARMC are sound, meet the requirements of corporate governance, and can effectively enhance the functions of the Board.

INTERNAL AUDIT FUNCTION

The Group acknowledged that internal auditing is a separate, unbiased assurance effort intended to add value and enhance the Group's operations. Sterling, an independent professional firm, was engaged in August 2022 as the outsourced Internal Auditors of the Group to support the ARMC and the Board in carrying out their responsibilities by providing internal audit services, independently evaluating the sufficiency and efficacy of the internal control and risk management systems as implemented by the Management. The Internal Auditors report directly to the ARMC, provide the Board with a reasonable assurance of adequacy, efficiency, and effectiveness of the Group's internal control system.

The Engagement Director is Dr So Hsien Ying, a Certified Internal Control Professional (US), Doctor in Business Administration (DBA) (Wales), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of the Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate and an associate member of the Institute of Internal Auditors Malaysia with more than 28 years of experience in corporate planning, business process improvement, internal control review, internal audit and risk management.

The Board was satisfied that there were continuous efforts made by the Management to address the internal control gaps highlighted by the Internal Auditors, and that the control procedures are in place and adhered to by the Group.

The total cost incurred by Sterling in discharging its roles and responsibilities as the Internal Auditors for FYE2023 amounted to approximately RM52,000.00.

This ARMC Report was approved by the Board on 27 March 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company undertook its Initial Public Offering ("**IPO**") exercise in 2022 and was listed on the ACE Market of Bursa Malaysia Securities Berhad on 13 July 2022. Pursuant to the said listing, the Company had successfully raised RM23.68 million from the issuance of 74,000,000 ordinary shares in the Company at an issue price of RM0.32 per share. As at 31 December 2023, the IPO proceeds had been utilised as follows: -

Purpose	Intended timeframe for utilisation upon listing	Proposed utilisation RM'000	Amount utilised as at 31 December 2023 RM'000	Percentage utilised %
Setting up of technology centre and disaster recovery centre	Within 9 months	8,460	8,460	100.00
Enhancement of Network Operation Centre ("**NOC**")	Within 8 months	4,300	4,300	100.00
Setting up of a Security Operation Centre ("**SOC**")	Within 18 months	4,700	4,700	100.00
Business expansion	Within 12 months (1)	2,220	1,277	57.52
Estimated listing expenses	Within 3 months	4,000	4,000	100.00
Total		**23,680**	**22,737**	**96.02**

Note:

(1) On 7 June 2023, the Company announced to extend the timeframe for utilisation of IPO proceeds of RM2.22 million allocated for business expansion from 12 July 2023 to 1 March 2024.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023 ("**FYE 2023**"), the total audit and non-audit fees incurred for the services rendered to the Company and the Group by the external auditors, or firms affiliated to the external auditors are as follows: -

	Group RM	Company RM
Audit fees		
- Auditors of the Company	144,000	55,000
- Member firms of the auditors of the Company	103,123	–
Non-audit fees	10,000	6,000
Total	257,123	61,000

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

3. MATERIAL CONTRACTS

During the FYE2023, there was no material contract entered into by the Company or its subsidiaries involving Directors and major shareholders' interests still subsisting at the end of the financial year.

4. MATERIAL CONTRACTS RELATING TO LOANS

During the FYE2023, there was no material contract relating to loans entered into by the Company or its subsidiaries involving Directors and major shareholders.

5. RECURRENT RELATED PARTY TRANSACTIONS

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue or trading nature during the FYE2023.

6. EMPLOYEE SHARE SCHEME

The Company did not establish any employee share scheme and does not have any subsisting employee share scheme during the FYE2023.

7. LIST OF PROPERTIES

The Group did not own any property of which its net book value is 5% or more of the consolidated total assets during the FYE2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
(IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS)

The Board of Directors ("**Board**") is responsible for ensuring that the financial statements for the Company and its subsidiaries ("**the Group**") and the Company are properly drawn up in accordance with the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act 2016 ("**the Act**") and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad 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 of the financial performance and cash flows for the financial year ended on that date.

Throughout the preparation of the financial statements for the financial year ended 31 December 2023, the Board has: -

i) Applied appropriate accounting policies consistently;
ii) Made judgments and estimations that were reasonable and prudent; and
iii) Ensured compliance with applicable approved financial reporting standards in Malaysia and the financial statements were prepared on a going concern basis.

The Board is responsible for ensuring that the Group keeps proper and adequate accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the provisions of the Act.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

This statement is prepared pursuant to Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

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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.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	18,345	5,188
Attributable to:-		
Owners of the Company	18,345	5,188

DIVIDENDS

Dividend paid or declared by the Company since 31 December 2022 are as follows:-

	RM'000
In respect of the financial year ended 31 December 2022	
An interim single-tier tax exempt dividend of 0.83 sen per ordinary share, paid on 14 March 2023	3,015
A final single-tier tax exempt dividend of 1.38 sen per ordinary share, paid on 14 July 2023	5,013
In respect of the financial year ended 31 December 2023	
An interim single-tier tax exempt dividend of 0.94 sen per ordinary share, paid on 22 December 2023	3,414
	11,442

On 27 March 2024, the Company proposed a final single-tier dividend of 1.38 sen per ordinary share amounting to RM5,012,562 in respect of the current financial year which is subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT
(CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT
(CONT'D)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the reversal of impairment losses on trade receivables and the acquisition of a new subsidiary as disclosed in Notes 24 and 29 to the financial statements respectively.

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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Choo Wei Chuen
Loo Wai Hong
Too Yit Meng
Tan Mui Ping
Olivia Lim
Alwizah Al-Yafii Binti Ahmad Kamal
Ang Seng Wong (Appointed on 9.1.2024)
Nor Azzam Bin Abdul Jalil (Retired on 19.6.2023)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Ku Wen Ning, Isabel
Dipen Vijaykumar Shah (Appointed on 17.8.2023)
Ong Beng Teck (Appointed on 1.10.2023)

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<---------- Number of Ordinary Shares ---------->			
	At 1.1.2023	Bought	Sold	At 31.12.2023
The Company				
Direct Interests				
Choo Wei Chuen	198,193,906	–	(27,085,000)	171,108,906
Loo Wai Hong	54,454,961	–	–	54,454,961
Too Yit Meng	14,330,253	–	–	14,330,253
Tan Mui Ping	100,000	–	–	100,000
Olivia Lim	150,000	–	(100,000)	50,000
Alwizah Al-Yafii Binti Ahmad Kamal	150,000	–	(75,000)	75,000
Nor Azzam Bin Abdul Jalil	95,000	–	(95,000)	–

By virtue of his shareholdings in the Company, Choo Wei Chuen is deemed to have interests in shares in its subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options and unissued shares or debentures of the Company or its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with directors as disclosed in Note 33(b) to the financial statements.

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

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	167	167
Salaries, bonuses and other benefits	2,585	1,324
Defined contribution benefits	170	157
	2,922	1,648

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Subsidiaries of the Company				
Infoline IT Solutions Sdn. Bhd. ("Infoline Solutions")	Malaysia	100	100	Provision of information technology infrastructure and cybersecurity solutions, trading of ancillary hardware, and related services.
Infoline Technology (Shenzhen) Limited ("Infoline Shenzhen") @	The People's Republic of China	100	100	Provision of information technology infrastructure and cybersecurity solutions, trading of ancillary hardware, and related services.
Infoline Tec International Pte. Ltd. ("Infoline SG") @	Singapore	100	100	Provision of information technology infrastructure and cybersecurity solutions and related services.

DIRECTORS' REPORT
(CONT'D)

SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Subsidiaries of the Company (Cont'd)				
Infoline M&E Solutions Sdn. Bhd. ("Infoline M&E")	Malaysia	100	–	Provision of mechanical and electrical (M&E) services.
Inline Technologies Pte. Ltd. ("Inline Tech SG")	Singapore	100	–	Provision of information infrastructure equipment sales and services.
Infoline Japan K.K. ("Infoline Japan")	Japan	100	–	Dormant.
Infoline Tec Solutions India Private Limited ("Infoline India") @	India	100	–	Provision of information technology infrastructure and cybersecurity solutions, trading of ancillary hardware, and related services.

Note:-
@ - These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

(a) On 7 March 2023, the Company subscribed for additional 499,999 ordinary shares at an issue price of SGD1 each in the share capital of a wholly-owned subsidiary, Infoline SG, for a total cash consideration of SGD499,999.

(b) On 7 June 2023, the Company announced to extend the timeframe for utilisation of IPO proceeds of RM2.22 million allocated for business expansion from 12 July 2023 to 1 March 2024.

(c) On 28 July 2023, the Company subscribed 200,000 ordinary shares at an issue price of JPY100 each for a cash consideration of JPY20,000,000, representing 100% of the issued share capital of Infoline Japan. Consequently, Infoline Japan became a wholly-owned subsidiary of the Company.

(d) On 17 August 2023, the Company subscribed 100,000 ordinary shares at an issue price of INR10 each for a cash consideration of INR1,000,000, representing 100% of the issued share capital of Infoline India. Consequently, Infoline India became a wholly-owned subsidiary of the Company.

(e) On 15 August 2023, the Company acquired 100% equity interest in Inline Tech SG. The details of the acquisition are disclosed in Note 29 to the financial statements. Consequently, Inline Tech SG became a wholly-owned subsidiary of the Company.

(f) On 24 August 2023, the Company subscribed 1 ordinary share at an issue price of RM1 for a cash consideration of RM1, representing 100% of the issued share capital of Infoline M&E. Consequently, Infoline M&E became a wholly-owned subsidiary of the Company.

DIRECTORS' REPORT
(CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	247	55
Non-audit fees	10	6
	257	61

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2024.

Loo Wai Hong

Choo Wei Chuen

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Loo Wai Hong and Choo Wei Chuen, being two of the directors of Infoline Tec Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 88 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 27 March 2024.

Loo Wai Hong **Choo Wei Chuen**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Foong Chong Thong, MIA Membership Number: 24158, being the officer primarily responsible for the financial management of Infoline Tec Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 88 to 146 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Foong Chong Thong
at Kuala Lumpur
in the Federal Territory
on this 27 March 2024

Foong Chong Thong

Before me

Shaiful Hilmi Bin Halim (W-804)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Infoline Tec Group Berhad (Incorporated in Malaysia) (Registration No: 202101032489 (1432789 - M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Infoline Tec Group Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other 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 material accounting policy information, as set out on pages 88 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 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.

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.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Accounting effect for the acquisition of a subsidiary and impairment assessment on goodwill arose from the acquisition
Refer to Notes 9 and 29 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
During the financial year, the Group acquired a subsidiary as disclosed in Note 29 to the financial statements. (a) Acquisition accounting under MFRS 3 - Business Combinations. This is an area of focus as the acquisition is material and requires the use of significant judgement regarding the fair value of purchase consideration, identification of intangible assets acquired and the valuation of assets acquired and liabilities assumed. The management has performed purchase price allocation exercise on this acquisition. The primary element of the valuation exercise assessed is the fair value of purchase consideration, identifiable assets acquired, and liabilities assumed. The goodwill of approximately RM3.45 million is also highly dependent on the fair value of the net identifiable assets at the acquisition date. (b) Impairment assessment on goodwill arose from the acquisition. This is an area of focus given the inherent subjectivity of annual impairment testing required. The management is required to conduct annual impairment assessment on the goodwill. For this purpose, the management has estimated the recoverable amount using the value-in-use approach. This is derived from the present value of the future cash flows from the business acquired. This assessment is significant to our audit as it is highly subjective, involves significant judgement and is based on assumptions that may be affected by future market and economic conditions. Further details are disclosed in Note 9 to the financial statements.	Our audit procedures, among others, included the following:- ■ Reviewed the management's consideration of purchase price allocation. ■ Assessed the appropriateness of the methodology adopted and the reasonableness of the discount rate used by the management, with the assistance of our internal specialist. ■ Reviewed the adequacy of disclosure of the acquisition in the financial statements. ■ Discussed with the management to gain a full understanding of their impairment assessment; ■ Assessed the appropriateness of the methodology adopted and the reasonableness of the discount rate used by the management; ■ Reviewed the reasonableness of the key assumptions used and judgement made in determining the recoverable amount; ■ Performed sensitivity analysis and assessed the impact of changes in key assumptions to the recoverable amount; and ■ Reviewed the adequacy of disclosure of goodwill in the financial statements.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Revenue Recognition Refer to Note 23 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
Revenue generated is regarded as a key audit matter because the amount of revenue is significant to the financial statements of the Group as a whole and the magnitude of the transactions. Furthermore, ISA 240 presumed that we consider the risk of fraud arising in revenue recognition. Whilst revenue recognition and measurement is not complex for the Group, revenue targets form part of the Group's key performance measures which could create an incentive to overstate the revenue recognition. For the financial year ended 31 December 2023, the Group recorded revenue of approximately RM71.9 million. The Group's revenue is derived from the provision of information technology infrastructure and cybersecurity, trading of ancillary hardware and related services. The timing of revenue recognised for each type of revenue is dependent on the nature and the different contractual terms as set out in the agreements with the respective customers.	Our audit procedures, among others, included the following:- ■ Ascertained compliance with MFRS 15 - Revenue from Contracts with Customers; ■ Assessed the effectiveness of internal controls by performing walkthrough test and substantive test; ■ Performed analytical procedures on the trend of revenue recognised to identify any unusual fluctuations; ■ Performed test of details on the occurrence and accuracy of the revenue transactions by verifying to the contracts, invoices and relevant supporting documents against the documents acknowledged by customers to support the delivery of goods and/or work order performed by the Group; ■ Performed cut-off test on sampling basis around the financial year end to check whether revenue is recognised in the correct accounting period; and ■ Assessed the risk of management override of controls mainly through the review of journal entries testing.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Impairment of Trade Receivables Refer to Notes 12 and 35.1(b)(iii) to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As at 31 December 2023, trade receivables that were past due and not impaired amounted to approximately RM7.7 million. The details of trade receivables and its credit risk are disclosed in Notes 12 and 35.1(b)(iii) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. Hence, we determined this to be a key audit matter.	Our procedures included, amongst others:- ■ Obtained an understanding of:- ■ the Group's control over the trade receivables collection process; ■ how the Group identifies and assesses the impairment of trade receivables; and ■ how the Group makes the accounting estimates for impairment. ■ Reviewed the ageing analysis of trade receivables and testing the reliability thereof; ■ Reviewed subsequent cash collections for major trade receivables and overdue amounts; ■ Made inquiries of management regarding the action plans to recover overdue amounts; ■ Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; ■ Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules; and ■ Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

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

Kaw Hoong Siang
03379/06/2024 J
Chartered Accountant

Kuala Lumpur

27 March 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	22,349	14,462
Equipment	6	14,547	9,091	–	–
Right-of-use assets	7	781	308	–	–
Deferred tax assets	8	449	803	–	–
Goodwill	9	3,448	–	–	–
		19,225	10,202	22,349	14,462
CURRENT ASSETS					
Inventories	10	788	358	–	–
Contract cost assets	11	7,165	4,573	–	–
Trade receivables	12	29,115	16,603	–	–
Other receivables, deposits and prepayments	13	2,739	654	97	180
Amount owing by subsidiaries	14	–	–	16,462	18,633
Current tax assets		30	167	–	–
Short-term investments	15	10,780	13,000	4,349	13,000
Cash and bank balances		8,445	24,884	330	13
		59,062	60,239	21,238	31,826
TOTAL ASSETS		78,287	70,441	43,587	46,288

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(CONT'D)

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	36,935	36,935	36,935	36,935
Reserves	17	(11,490)	(11,713)	–	–
Retained profits		31,967	25,064	3,036	9,290
TOTAL EQUITY		57,412	50,286	39,971	46,225
NON-CURRENT LIABILITIES					
Contract liabilities	18	1,836	1,401	–	–
Lease liabilities	19	388	181	–	–
Term loan	20	119	–	–	–
Other payables and accruals	21	2,512	–	2,512	–
Deferred tax liabilities	8	23	–	–	–
		4,878	1,582	2,512	–
CURRENT LIABILITIES					
Trade payables	22	6,343	10,700	–	–
Other payables and accruals	21	3,070	1,636	945	58
Contract liabilities	18	5,215	4,445	–	–
Lease liabilities	19	408	135	–	–
Term loan	20	107	–	–	–
Current tax liabilities		854	1,657	159	5
		15,997	18,573	1,104	63
TOTAL LIABILITIES		20,875	20,155	3,616	63
TOTAL EQUITY AND LIABILITIES		78,287	70,441	43,587	46,288

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
REVENUE	23	71,929	72,841	8,754	11,500
COST OF SALES		(34,190)	(46,566)	–	–
GROSS PROFIT		37,739	26,275	8,754	11,500
OTHER INCOME		1,169	1,067	319	130
		38,908	27,342	9,073	11,630
ADMINISTRATIVE EXPENSES		(12,331)	(7,586)	(3,513)	(2,283)
OTHER EXPENSES		(3,559)	(1,175)	(113)	#
FINANCE COSTS		(38)	(15)	–	–
NET REVERSAL/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	24	1,898	(1,898)	–	–
PROFIT BEFORE TAXATION	25	24,878	16,668	5,447	9,347
INCOME TAX EXPENSE	26	(6,533)	(4,550)	(259)	(20)
PROFIT AFTER TAXATION		18,345	12,118	5,188	9,327
Item that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		223	(199)	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		18,568	11,919	5,188	9,327

Note:-
 # - Amount less than RM1,000

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		18,345	12,118	5,188	9,327
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		18,568	11,919	5,188	9,327
EARNINGS PER SHARE (SEN):-	27				
Basic		5.05	3.73		
Diluted		5.05	3.73		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share Capital RM'000	Invested Equity RM'000	< ------ Non-Distributable ------ > Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Statutory Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
The Group								
Balance at 1.1.2022		*	2,490	–	304	154	14,962	17,910
Profit after taxation for the financial year		–	–	–	–	–	12,118	12,118
Other comprehensive income for the financial year:								
- Foreign currency translations differences		–	–	–	(199)	–	–	(199)
Total comprehensive income for the financial year		–	–	–	(199)	–	12,118	11,919
Contributions by and distributions to owners of the Company:								
- Issuance of new shares	16	38,142	–	–	–	–	–	38,142
- Shares issuance expenses	16	(1,207)	–	–	–	–	–	(1,207)
- Adjustment on acquisition of subsidiaries	17	–	(2,490)	(11,972)	–	–	–	(14,462)
- Dividend paid by a subsidiary to its former owners	28	–	–	–	–	–	(2,016)	(2,016)
Total transactions with owners		36,935	(2,490)	(11,972)	–	–	(2,016)	20,457
Balance at 31.12.2022		36,935	–	(11,972)	105	154	25,064	50,286

Note:-
** - Denote RM25*

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	< Non-Distributable >				Distributable	
		Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Statutory Reserve RM'000	Retained Profits RM'000	Total RM'000
The Group							
Balance at 1.1.2023		36,935	(11,972)	105	154	25,064	50,286
Profit after taxation for the financial year		–	–	–	–	18,345	18,345
Other comprehensive income for the financial year:							
- Foreign currency translations differences		–	–	223	–	–	223
Total comprehensive income for the financial year		–	–	223	–	18,345	18,568
Distributions to owners of the Company:							
- Dividends	28	–	–	–	–	(11,442)	(11,442)
Balance at 31.12.2023		36,935	(11,972)	328	154	31,967	57,412

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	Share Capital RM'000	(Accumulated Loss)/Retained Profits RM'000	Total Equity RM'000
The Company				
Balance at 1.1.2022		*	(37)	(37)
Profit after taxation/Total comprehensive income for the financial year		–	9,327	9,327
Contributions by owners of the Company:				
- Issuance of new shares	16	38,142	–	38,142
- Shares issuance expenses	16	(1,207)	–	(1,207)
Total transactions with owners		36,935	–	36,935
Balance at 31.12.2022/1.1.2023		36,935	9,290	46,225
Profit after taxation/Total comprehensive income for the financial year		–	5,188	5,188
Distributions to owners of the Company:				
- Dividends	28	–	(11,442)	(11,442)
Balance at 31.12.2023		36,935	3,036	39,971

Note:-
** - Denote RM25*

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	24,878	16,668	5,447	9,347
Adjustments for:-				
Allowance for/(Writeback of) impairment losses on:				
- inventories	115	(2)	–	–
- trade receivables	(1,898)	1,898	–	–
Depreciation of equipment	2,864	234	–	–
Depreciation of right-of-use assets	337	148	–	–
Equipment written off	–	5	–	–
Interest expense	38	15	–	–
Fair value gain on short-term investments	(5)	–	#	–
Gain on modification of lease	(4)	–	–	–
Gain on disposal of equipment	–	(1)	–	–
Interest income	(343)	(101)	(217)	(74)
Unrealised (gain)/loss on foreign exchange	(90)	541	(101)	–
Operating profit before working capital changes	25,892	19,405	5,129	9,273
(Increase)/Decrease in inventories	(11)	1,666	–	–
(Increase)/Decrease in trade and other receivables	(11,558)	(8,065)	83	(106)
(Decrease)/Increase in trade and other payables	(4,174)	4,357	201	52
Decrease in amount owing to a related party	–	–	–	(32)
Decrease/(Increase) in amount owing by subsidiaries	–	–	2,171	(18,633)
Increase in contract cost assets	(2,592)	(1,834)	–	–
Increase in contract liabilities	1,206	2,215	–	–
CASH FLOWS FROM/(FOR) OPERATIONS	8,763	17,744	7,584	(9,446)
Income tax paid	(7,022)	(3,073)	(105)	(15)
Income tax refunded	45	128	–	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES	1,786	14,799	7,479	(9,461)

Note:-
- Amount less than RM1,000

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalent acquired	29(c)	(448)	–	(2,282)	–
Addition of short-term investments		4	–	–	–
Investments in subsidiaries:					
- an existing subsidiary	5(a)	–	–	(1,697)	–
- incorporate new subsidiaries	5(b)	–	–	(710)	#
Interest received		343	28	217	1
Purchase of equipment	30(a)	(8,809)	(9,025)	–	–
Proceed from disposal of equipment		–	67	–	–
Withdrawal of deposit with tenure more than 3 months		–	959	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(8,910)	(7,971)	(4,472)	1
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid by a subsidiary to its former owners	28	–	(2,016)	–	–
Dividends paid	28	(11,442)	–	(11,442)	–
Interest paid	30(b)	(38)	(15)	–	–
Proceeds from issuance of new shares		–	23,680	–	23,680
Payment of shares issuance expenses		–	(1,207)	–	(1,207)
Repayment of lease liabilities	30(b)	(351)	(146)	–	–
Repayment of term loan	30(b)	(34)	–	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(11,865)	20,296	(11,442)	22,473
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(18,989)	27,124	(8,435)	13,013
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		330	(672)	101	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		37,884	11,432	13,013	#
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	30(d)	19,225	37,884	4,679	13,013

Note:-
 # - Amount less than RM1,000

The annexed notes form 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. The registered office and principal place of business are as follows:-

Registered office	:	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.
Principal place of business	:	No. 53-3, Jalan PJU 5/20E, Pusat Perdagangan Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 March 2024.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 17: Insurance Contracts
Amendments to MFRS 17: Insurance Contracts
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101: 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 accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipate that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Equipment

The Group determine whether an item of its equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amount of equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(e) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 12 to the financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 29 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

4.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the reporting period. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

(a) Business Combination for Entities under Non-common Control

All subsidiaries are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for business combination for entities under common control which are accounted for using merger method of accounting.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or if significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combination for Entities under Non-common Control (Cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statements of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(b) Business Combination for Entities under Common Control

The financial statements of Infoline IT Solutions Sdn. Bhd. and Infoline Technology (Shenzhen) Limited are consolidated using the merger method of accounting.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the consolidated financial statements at their carrying amounts reported in the individual financial statements. The consolidated statement of profit or loss and other comprehensive income reflects the results of the merger entities for the full reporting period (irrespective of then the combination takes place) and comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

The difference between the cost of the merger and the share capital of the merger entities is reflected within equity as merger reserve or merger deficit, as appropriate. The merger deficit is adjusted against suitable reserves of the merger entities to the extent that laws or statues do not prohibit the use of such reserves.

4.4 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.6 EQUIPMENT

All items of equipment are initially measured at cost.

Subsequent to initial recognition, all equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Computers	20%
Office equipment	20%
Infrastructure equipment	20% - 33%
Renovation	10%
Motor vehicles	20%

Capital work-in progress represents infrastructure equipment under installation. They are not depreciated until such time when the asset is available to use.

4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023 RM'000	2022 RM'000
At 1 January	14,462	–
Subscription of shares:		
- an existing subsidiary	1,697	–
- incorporate new subsidiaries	710	–
Acquisition of subsidiaries	5,480	14,462
At 31 December	22,349	14,462

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Subsidiaries of the Company				
Infoline IT Solutions Sdn. Bhd. ("Infoline Solutions")	Malaysia	100	100	Provision of information technology infrastructure and cybersecurity solutions, trading of ancillary hardware, and related services.
Infoline Technology (Shenzhen) Limited ("Infoline Shenzhen") @	The People's Republic of China	100	100	Provision of information technology infrastructure and cybersecurity solutions, trading of ancillary hardware, and related services.
Infoline Tec International Pte. Ltd. ("Infoline SG") @	Singapore	100	100	Provision of information technology infrastructure and cybersecurity solutions and related services.
Infoline M&E Solutions Sdn. Bhd.	Malaysia	100	–	Provision of mechanical and electrical (M&E) services.
Inline Technologies Pte. Ltd. ("Inline Tech SG")	Singapore	100	–	Provision of information infrastructure equipment sales and services.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Subsidiaries of the Company (Cont'd)				
Infoline Japan K.K. ("Infoline Japan")	Japan	100	–	Dormant.
Infoline Tec Solutions India Private Limited ("Infoline India") @	India	100	–	Provision of information technology infrastructure and cybersecurity solutions, trading of ancillary hardware, andrelated services.

Note:-
@ - These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

During the financial year, the Company:-

(a) Subscribed for shares in an existing subsidiary:-
  (i) Infoline SG

(b) Incorporated and subscribed for shares in subsidiaries:-
  (i) Infoline Japan
  (ii) Infoline India
  (iii) Infoline M&E

(c) Acquired a subsidiary:-
  (i) Inline Tech SG

The details of the acquisition of a subsidiary and subscription of shares in subsidiaries are disclosed in Notes 29 and 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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6. EQUIPMENT

The Group	At 1.1.2023 RM'000	Additions (Note 30(a)) RM'000	Transfer to Inventories Due to Change In Use RM'000	Depreciation Charges (Note 25) RM'000	Acquisition of A Subsidiary (Note 29) RM'000	Foreign Exchange Differences RM'000	At 31.12.2023 RM'000
2023							
Carrying Amount							
Computers	110	195	–	(54)	34	1	286
Office equipment	24	27	–	(12)	–	–	39
Infrastructure equipment	6,854	4,484	(534)	(2,508)	–	–	8,296
Renovation	2,103	1,318	–	(285)	–	10	3,146
Motor vehicles	–	80	–	(5)	–	–	75
Capital work-in progress	–	2,705	–	–	–	–	2,705
	9,091	8,809	(534)	(2,864)	34	11	14,547

The Group	At 1.1.2022 RM'000	Additions (Note 30(a)) RM'000	Disposal RM'000	Depreciation Charges (Note 25) RM'000	Write off (Note 25) RM'000	Foreign Exchange Differences RM'000	At 31.12.2022 RM'000
2022							
Carrying Amount							
Computers	42	99	–	(26)	(5)	–	110
Office equipment	30	4	–	(10)	–	–	24
Infrastructure equipment	–	7,005	–	(151)	–	–	6,854
Renovation	228	1,917	–	(41)	–	(1)	2,103
Motor vehicle	72	–	(66)	(6)	–	–	–
	372	9,025	(66)	(234)	(5)	(1)	9,091

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

6. EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2023			
Computers	429	(143)	286
Office equipment	86	(47)	39
Infrastructure equipment	10,955	(2,659)	8,296
Renovation	3,497	(351)	3,146
Motor vehicles	80	(5)	75
Capital work-in progress	2,705	–	2,705
	17,752	(3,205)	14,547
2022			
Computers	200	(90)	110
Office equipment	58	(34)	24
Infrastructure equipment	7,005	(151)	6,854
Renovation	2,169	(66)	2,103
	9,432	(341)	9,091

7. RIGHT-OF-USE ASSETS

The Group	At 1.1.2023 RM'000	Additions (Note 30(a)) RM'000	Depreciation Charges (Note 25) RM'000	Modification Of Lease Liabilities (Note 19) RM'000	Foreign Exchange Differences RM'000	At 31.12.2023 RM'000
2023						
Carrying Amount						
Office buildings	308	707	(337)	95	8	781

	At 1.1.2022 RM'000	Additions (Note 30(a)) RM'000	Depreciation Charges (Note 25) RM'000	Modification Of Lease Liabilities (Note 19) RM'000	At 31.12.2022 RM'000
2022					
Carrying Amount					
Office buildings	233	133	(148)	90	308

The Group has leased 8 (2022 - 4) office buildings that run 2 years (2022 - 2 years), with an option to renew the lease for a term of 1 year after that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

8. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	803	803
Recognised in profit or loss (Note 26)	(377)	–
At 31 December	426	803
Presented after appropriate offsetting as follows:-		
Deferred tax assets	449	803
Deferred tax liabilities	(23)	–
	426	803

The deferred tax assets/(liabilities) recognised at the end of the reporting periods before appropriate off setting are as follows:-

	The Group	
	2023 RM'000	2022 RM'000
Deferred Tax Assets:-		
Contract liabilities	1,376	845
Provisions	96	523
Others	–	131
	1,472	1,499
Deferred Tax Liabilities:-		
Equipment	(901)	(696)
Others	(145)	–
	(1,046)	(696)
	426	803

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2023 RM'000	2022 RM'000
Unused tax losses:		
- expiring within 6 to 10 years	34	–
Unabsorbed capital allowances	5	–
	39	–

Based on current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

9. GOODWILL

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	–	–
Acquisition of a subsidiary (Note 29(d))	3,448	–
At 31 December	3,448	–

The Group has assessed the recoverable amount of goodwill and determined that no impairment is required. The recoverable amount is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the cash-generating unit based on the projections of financial budgets approved by the management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

	2023 %	Basis
Sales and cost of sales growth rate	20	Based on the expected projection of the cash-generating unit.
Discount rate (pre-tax)	9	Reflects specific risks relating to the cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future projections in the cash-generating unit and are based on both external sources and internal historical data.

The management believes that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit's carrying amount to exceed its recoverable amount.

10. INVENTORIES

	The Group	
	2023 RM'000	2022 RM'000
Finished goods	788	358
Recognised in profit or loss:-		
Inventories recognised as cost of sales	31,749	45,229
Amount written down to net realisable value	116	–
Reversal of inventories previously written down	(1)	(2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

11. CONTRACT COST ASSETS

	The Group	
	2023 RM'000	2022 RM'000
Costs to fulfil a contract	7,165	4,573

The costs to fulfil a contract represent cost incurred that is used to fulfil the contract in future. The costs are to be amortised on a straight-line method over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

12. TRADE RECEIVABLES

	The Group	
	2023 RM'000	2022 RM'000
Trade receivables	29,072	18,595
Unbilled receivables	137	–
	29,209	18,595
Allowance for impairment losses	(94)	(1,992)
	29,115	16,603
Allowance for impairment losses:-		
At 1 January	(1,992)	(94)
Addition during the financial year (Note 24)	–	(1,898)
Writeback during the financial year (Note 24)	1,898	–
At 31 December	(94)	(1,992)

The Group's normal trade terms range from 30 to 90 (2022 - 30 to 90) days. Other credit terms are assessed and approved on case-by-case basis.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	46	369	–	73
Deposits	107	54	2	1
Prepayments	1,588	231	95	106
Advances to suppliers	998	–	–	–
	2,739	654	97	180

(a) Included in prepayment of the Group is maintenance support of RM875,778 relating to the support services to be rendered for infrastructure equipment over a range of 1 to 3 years.

(b) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

NOTES TO THE FINANCIAL STATEMENTS
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14. AMOUNT OWING BY SUBSIDIARIES

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

15. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Money market funds, at fair value	10,780	13,000	4,349	13,000

The money market funds represent investments in highly liquid money market instruments which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

16. SHARE CAPITAL

	The Group/The Company			
	2023	2022	2023	2022
	Number of Shares'000		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	363,229	#	36,935	*
Issuance of new shares:				
- acquisition of subsidiaries	–	289,229	–	14,462
- public issue	–	74,000	–	23,680
Shares issuance expenses	–	–	–	(1,207)
At 31 December	363,229	363,229	36,935	36,935

Notes:-
** - Amount less than RM1,000*
 # - Amount less than 1,000 shares

(a) The holders of ordinary shares are entitled to receive dividend as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) In the previous financial year, the Company increased its issued and paid-up share capital from RM25 to RM36,934,805 by way of:-

(i) issuance of 289,228,620 new ordinary shares at an issue price of RM0.05 each for acquisition of Infoline Solutions and Infoline Shenzhen; and

(ii) issuance of 74,000,000 new ordinary shares at an issue price of RM0.32 per ordinary share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM23,680,000. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,206,651 were offset against share capital and the remaining listing expenses of RM771,000 was expensed off to profit or loss.

The new ordinary shares issued rank equally in all respect with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

17. RESERVES

	Note	The Group 2023 RM'000	2022 RM'000
Merger deficit	(a)	(11,972)	(11,972)
Foreign exchange translation reserve	(b)	328	105
Statutory reserve	(c)	154	154
		(11,490)	(11,713)

(a) Merger Deficit

The merger deficit represents the excess of the carrying value of the investment in subsidiaries over the share capital of the Company's subsidiaries upon consolidation under the merger accounting principles.

The merger deficit arose from the acquisition of Infoline Solutions and Infoline Shenzhen.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

(c) Statutory Reserve

The statutory reserve represents amounts transferred from profit after taxation of a subsidiary, Infoline Shenzhen under the PRC laws and regulations.

18. CONTRACT LIABILITIES

(a) The contract liabilities primarily relate to advance considerations received from customers for rendering services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 12 to 36 (2022 - 12 to 36) months.

(b) The changes to contract liabilities balances during the financial year are summarised below:-

	The Group 2023 RM'000	2022 RM'000
At 1 January	5,846	3,651
Revenue recognised in profit or loss during the financial year*	(8,501)	(8,765)
Billings to customers during the financial year	9,669	10,980
Foreign exchange differences	37	(20)
At 31 December	7,051	5,846
Represent by:-		
Current liabilities	5,215	4,445
Non-current liabilities	1,836	1,401
	7,051	5,846

* Included an amount of RM4,445,000 (2022 - RM3,049,000) that was included in contract liabilities at the beginning of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

18. CONTRACT LIABILITIES (CONT'D)

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts is RM7,051,000 (2022 - RM5,846,000). These remaining performance obligations are expected to be recognised as below:-

	The Group	
	2023 RM'000	2022 RM'000
Within 1 year	5,215	4,445
Between 1 and 3 years	1,836	1,401
	7,051	5,846

19. LEASE LIABILITIES

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	316	239
Additions (Note 30(b))	707	133
Interest expense recognised in profit or loss (Note 25)	36	15
Changes due to lease modification (Notes 7 and 30(b))	95	90
Repayment of principal	(351)	(146)
Repayment of interest expense	(36)	(15)
Foreign exchange differences	29	–
At 31 December	796	316
Analysed by:-		
Current liabilities	408	135
Non-current liabilities	388	181
	796	316

20. TERM LOAN

	The Group	
	2023 RM'000	2022 RM'000
Current liabilities	107	–
Non-current liabilities	119	–
	226	–

(a) The term loan is repayable by 60 monthly instalments commencing from the date of drawdown. It bore interest rate of 2.50% per annum.

(b) The term loan is secured by a deed of guarantee and indemnity for all monies from a director of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities				
Contingent consideration (Note 29(a))	2,512	–	2,512	–
Current liabilities				
Other payables	1,283	1,291	25	–
Deposit received	65	25	–	–
Accruals	1,036	320	234	58
Contingent consideration (Note 29(a))	686	–	686	–
	3,070	1,636	945	58
	5,582	1,636	3,457	58

22. TRADE PAYABLES

	The Group	
	2023 RM'000	2022 RM'000
Third parties	4,246	1,957
Accrued purchases	2,097	8,743
	6,343	10,700

The normal trade terms granted to the Group is 30 to 60 (2022 - 30 to 60) days.

23. REVENUE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from Contracts with Customers				
Recognised at a point in time				
IT infrastructure solutions	1,707	1,159	–	–
Trading of ancillary hardware and software	5,231	1,274	–	–
	6,938	2,433	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

23. REVENUE (CONT'D)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Recognised over time				
IT infrastructure solutions	41,438	44,742	–	–
Cybersecurity solutions	2,990	16,560	–	–
Managed IT services and other IT services	20,563	9,106	–	–
	64,991	70,408	–	–
Revenue from Other Sources				
Dividend income	–	–	7,302	11,500
Management fees	–	–	1,452	–
	71,929	72,841	8,754	11,500

	The Group	
	2023 RM'000	2022 RM'000
The revenue is derived primarily from:-		
Local sales	51,130	31,214
Overseas sales	20,799	41,627
	71,929	72,841

(a) The information about the performance obligations in contracts with customers is summarised below:-

Nature of Goods or Services	Timing and Method of Revenue Recognition	Significant Payment Terms	Variable Consideration	Warranty and Obligation for Returns or Refunds
IT infrastructure solutions	Over time revenue recognition when IT infrastructure solutions are rendered. The contracts would meet no alternative use and the Group has right to payment for work performed.	Credit period ranging from 30 to 90 days from the invoice date.	Not applicable.	Not applicable.
	Point in time revenue recognition when the goods are delivered or the services are rendered.	Credit period ranging from 30 to 90 days from the invoice date.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

23. REVENUE (CONT'D)

(a) The information about the performance obligations in contracts with customers is summarised below:- (Cont'd)

Nature of Goods or Services	Timing and Method of Revenue Recognition	Significant Payment Terms	Variable Consideration	Warranty and Obligation for Returns or Refunds
Cybersecurity solutions	Over time revenue recognition when cybersecurity solutions are rendered.	Credit period ranging from 30 to 90 days from the invoice date.	Not applicable.	Not applicable.
Managed IT services and other IT services	Over time revenue recognition on a straight-line basis over the term of the contract. The length of contract usually between one and three years.	Credit period ranging from 30 to 90 days from the invoice date.	Not applicable.	Not applicable.
Trading of ancillary hardware and software	Point in time revenue recognition when the hardware and software are delivered and accepted by customers.	Credit period ranging from 30 to 90 days from the invoice date.	Not applicable.	Not applicable.

(b) The information of the revenue from other sources is summarised below:-

Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

Management Fees

Management fees are recognised in the period in which the services are rendered.

24. NET (REVERSAL)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2023 RM'000	2022 RM'000
Trade receivables:		
- impairment losses (Note 12)	–	1,898
- writeback of impairment losses (Note 12)	(1,898)	–
	(1,898)	1,898

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25. PROFIT BEFORE TAXATION

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fees:				
- current financial year	247	129	55	45
- underprovision in the previous financial year	–	4	–	–
- non-audit fees	10	81	6	77
Directors' fees (Note 31(a))	167	192	167	192
Directors' remuneration: (Note 31(a))				
- short-term employee benefits	2,570	2,170	1,310	–
- defined contribution benefits	170	131	157	–
- other benefits	15	15	14	12
Material Expenses/(Income)				
Allowance for/(Writeback of) impairment losses on inventories	115	(2)	–	–
Depreciation:				
- equipment (Note 6)	2,864	234	–	–
- right-of-use assets (Note 7)	337	148	–	–
Equipment written off (Note 6)	–	5	–	–
Total interest expenses on financial liabilities that are not at fair value through profit or loss	2	–	–	–
Interest expense on lease liabilities (Note 19)	36	15	–	–
Listing expenses	–	771	162	705
Lease expense:				
- short-term lease	6	9	–	–
Staff costs (including other key management personnel as disclosed in (Note 31(b))):				
- short-term employee benefits	5,854	3,080	754	–
- defined contribution benefits	672	370	91	–
- other benefits	773	254	4	–
Dividend income from subsidiaries	–	–	(7,302)	(11,500)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

25. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Material Expenses/(Income) (Cont'd)				
Fair value gain on short-term investments	(5)	–	#	–
(Gain)/Loss on foreign exchange:				
- realised	(438)	(652)	113	–
- unrealised	(90)	541	(101)	–
Gain on disposal of equipment	–	(1)	–	–
Gain on modification of lease	(4)	–	–	–
Total interest income on financial assets measured at:				
- amortised cost	(68)	(101)	(59)	(74)
- fair value through profit or loss	(275)	–	(158)	–

Note:-
 # - Amount less than RM1,000

26. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense:				
- for the current financial year	6,686	4,590	259	20
- overprovision in the previous financial year	(530)	(40)	–	–
	6,156	4,550	259	20
Deferred tax expense (Note 8):				
- origination and reversal of temporary differences	316	–	–	–
- underprovision in the previous financial year	61	–	–	–
	377	–	–	–
Total income tax expense	6,533	4,550	259	20

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

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(CONT'D)

26. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation	24,878	16,668	5,447	9,347
Tax at the statutory tax rate of 24% (2022 - 24%)	5,971	4,000	1,307	2,243
Tax effects of:				
Non-deductible expenses	1,318	421	729	517
Non-taxable income	(138)	–	(1,777)	(2,760)
Differential in tax rates	(158)	(180)	–	–
Deferred tax assets not recognised during the financial year	9	423	–	–
Others	–	(74)	–	20
(Over)/Underprovision in the previous financial year:				
- current tax	(530)	(40)	–	–
- deferred tax	61	–	–	–
	6,533	4,550	259	20

27. EARNINGS PER SHARE

	The Group	
	2023	2022
Earnings attributable to owners of the Company (RM'000)	18,345	12,118
Weighted average number of ordinary shares in issue ('000)	363,229	325,114
Basic earnings per share (sen)	5.05	3.73

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

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28. DIVIDENDS

	The Group	
	2023 RM'000	2022 RM'000
In respect of the financial year ended 31 December 2023:		
- Interim single-tier tax exempt dividend of 0.94 sen per ordinary share	3,414	–
In respect of the financial year ended 31 December 2022:		
- Interim single-tier tax exempt dividend of 0.83 sen per ordinary share	3,015	–
- Final single-tier tax exempt dividend of 1.38 sen per ordinary share	5,013	–
In respect of the financial year ended 31 December 2021:		
- Final single-tier tax exempt dividend of 0.92 sen per ordinary share by Infoline Solutions*	–	2,016
	11,442	2,016

* *Dividend declared prior to the completion of acquisition of Infoline Solutions by the Company.*

On 27 March 2024, the Company proposed a final single-tier dividend of 1.38 sen per ordinary share amounting to RM5,012,562 in respect of the current financial year which is subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2024.

29. ACQUISITION OF A SUBSIDIARY

On 15 August 2023, the Company acquired 100% equity interests in Inline Tech SG. The acquisition of this subsidiary is to enable the Group to expand its footprint to oversea countries in order to increase its clientele logos. The acquisition was completed on 15 September 2023.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(a) Fair Value of Purchase Consideration

	The Group 2023 RM'000	The Company 2023 RM'000
Cash	2,282	2,282
Contingent consideration (item (a)(i) below)	3,198	3,198
Total purchase consideration	5,480	5,480

29. ACQUISITION OF A SUBSIDIARY (CONT'D)

(a) Fair Value of Purchase Consideration (Cont'd)

(i) The purchase consideration for the acquisition of Inline Tech SG comprises cash and contingent consideration, which are summarised as follows:-

Purchase Consideration	Nominal Value SGD'000	Fair Value RM'000	Condition Precedent
Cash	650	2,282	Not applicable
Contingent consideration:			
(i) Profit Guarantees			
- for financial year ended 31 December 2023	200	3,198	Upon Inline Tech SG achieving profit after taxation ("PAT") of SGD400,000
- for financial year ended 31 December 2024	550		Upon Inline Tech SG achieving PAT of SGD550,000
- for financial year ended 31 December 2025	600		Upon Inline Tech SG achieving PAT of SGD600,000
(ii) Performance Incentive	Note 1		Upon Inline Tech SG achieving cumulative PAT of SGD1,550,000 for financial years 2023 to 2025.
		5,480	

Note 1: Performance incentive = (Cumulative PAT - Cumulative Profit Guarantees) x 20% and be capped at SGD650,000.

(ii) The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows based on a discount rate of 9.00% and assumed probability-adjusted profits of Inline Tech SG.

As at 31 December 2023, there is no revision on the contingent consideration amount as Inline Tech SG has achieved Profit Guarantee amount for the financial year ended 31 December 2023 with PAT of approximately SGD430,000.

In the event that the vendor of Inline Tech SG ("Vendor") shall fail to fulfill his obligation in relation to the Profit Guarantees, then the Vendor shall pay to the Company the shortfall between the respective Profit Guarantee and the PAT ("Top-up Sum") after the expiry of the relevant Guarantee Period and within thirty (30) days from the Purchaser's receipt of the latest audited account of the Company of the relevant Guarantee Period.

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29. ACQUISITION OF A SUBSIDIARY (CONT'D)

(b) Identifiable Assets Acquired and Liabilities Assumed

	The Group 2023 RM'000	The Company 2023 RM'000
Equipment (Note 6)	34	–
Trade receivables	1,103	–
Cash and cash equivalents	1,834	–
Other receivables, deposits and prepayments	38	–
Trade payables	(149)	–
Other payables and accruals	(416)	–
Current tax liabilities	(155)	–
Term loan (Note 30(b))	(257)	–
Fair value of net identifiable assets acquired	2,032	–

(c) Cash Flows Arising from Acquisition

	The Group 2023 RM'000	The Company 2023 RM'000
Purchase consideration settled in cash and cash equivalents (item (a) above)	2,282	2,282
Less: Cash and cash equivalents of subsidiary acquired (item (b) above)	(1,834)	–
Net cash outflow from the acquisition of a subsidiary	448	2,282

(d) Goodwill Arising from Acquisition

	The Group 2023 RM'000
Total consideration transferred (item (a) above)	5,480
Less: Fair value of identifiable net assets acquired (item (b) above)	(2,032)
Goodwill from the acquisition of a subsidiary (Note 9)	3,448

(i) The Group has incurred acquisition-related costs of RM61,150 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

(ii) The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiary into the Group's existing business. The goodwill is not deductible for tax purposes.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

29. ACQUISITION OF A SUBSIDIARY (CONT'D)

(e) Impact of Acquisition on the Group's Results

The acquired subsidiary has contributed the following results to the Group:-

	The Group 2023 RM'000
Revenue	2,674
Profit after taxation	1,196

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and profit after taxation would have been RM77.56 million and RM18.62 million respectively.

30. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of equipment and the additions of right-of-use assets is as follows:-

	The Group	
	2023 RM'000	2022 RM'000
Equipment		
Cost of equipment purchased (Note 6)	8,809	9,025
Right-of-use Assets		
Cost of right-of-use assets acquired (Note 7)	707	133
Less: Additions of new lease liabilities (Note 30(b))	(707)	(133)
	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Lease Liabilities RM'000	Term Loan RM'000	Total RM'000
2023			
At 1 January	316	–	316
Changes in Financing Cash Flows			
Repayment of principal	(351)	(34)	(385)
Repayment of interests	(36)	(2)	(38)
	(387)	(36)	(423)
Other Changes			
Acquisition of new leases (Notes 19 and 30(a))	707	–	707
Acquisition of a subsidiary (Note 29(b))	–	257	254
Modification of leases (Note 19)	95	–	95
Interest expense recognised in profit or loss (Note 25)	36	2	38
Foreign exchange differences	29	3	32
	867	262	1,129
At 31 December	796	226	1,022

The Group	Lease Liabilities RM'000
2022	
At 1 January	239
Changes in Financing Cash Flows	
Repayment of principal	(146)
Repayment of interests	(15)
	(161)
Other Changes	
Acquisition of new leases (Notes 19 and 30(a))	133
Modification of leases (Note 19)	90
Interest expense recognised in profit or loss (Note 25)	15
	238
At 31 December	316

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

30. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2023 RM'000	2022 RM'000
Payment of short-term lease	6	9
Interest paid on lease liabilities	36	15
Payment of lease liabilities	351	146
	393	170

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	8,445	24,884	330	13
Short-term investments	10,780	13,000	4,349	13,000
	19,225	37,884	4,679	13,013

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

(a) Directors

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- salaries and bonuses	2,570	2,170	1,310	–
- defined contribution benefits	170	131	157	
- other benefits	4	3	3	–
	2,744	2,304	1,470	–

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(CONT'D)

31. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows:- (Cont'd)

(a) Directors (Cont'd)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company (Cont'd)				
Non-Executive Directors				
Short-term employee benefits:				
- fee	167	192	167	192
- other benefits	11	12	11	12
	178	204	178	204
Directors of the Subsidiaries				
Short-term employee benefits:				
- fee	228	–	–	–
- defined contribution benefits	10	–	–	–
	238	–	–	–
Total directors' remuneration	3,160	2,508	1,648	204

(b) Other Key Management Personnel

	The Group	
	2023 RM'000	2022 RM'000
Short-term employee benefits	662	563
Defined contribution benefits	80	65
Other benefits	3	–
Total compensation for other key management personnel	745	628

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
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32. CAPITAL COMMITMENT

	The Group	
	2023 RM'000	2022 RM'000
Purchase of equipment	–	647

33. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries as disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subsidiaries				
Dividend received/receivable	–	–	7,302	11,500
Management fee received/ receivable	–	–	1,452	–
Collection received by	–	–	–	26
Payment on behalf of	–	–	9,212	6,807
Payment settled by	–	–	–	2,013
Advance to	–	–	–	370
A close family member of a director				
Payment settled by	–	–	–	130
Lease of premises paid to	48	28	–	–
A director				
Lease of premises paid to	51	50	–	–
Company controlled by a director				
Lease of premises paid to	63	50	–	–

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
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34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a yearly basis. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 5 main reportable segments as follows:-

(i) IT infrastructure solutions
(ii) Cybersecurity solutions
(iii) Managed IT services and other IT services
(iv) Trading of ancillary hardware and software
(v) Investment holding

(a) The chief operating decision markets assesses the performance of the reporting segments based on their operating income before unallocated corporate expenses and finance cost. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Segment assets and liabilities information are not provided to the chief operating decision markets. Hence, no disclosure is made on segment assets and liabilities.

(c) Other information about profit or loss such as interest income, interest expense, material items of income and expense included in profit or loss, income tax expense and material non-cash items are unallocated expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS

	IT Infrastructure Solutions RM'000	Cybersecurity Solutions RM'000	Managed IT Services and Other IT Services RM'000	Trading of Ancillary Hardware and Software RM'000	Investment Holding RM'000	Consolidation Adjustments RM'000	Total RM'000
2023							
Revenue							
External revenue	43,145	2,990	20,563	5,231	–	–	71,929
Inter-segment revenue	406	4	1,815	143	8,754	(11,122)	–
Total revenue	43,551	2,994	22,378	5,374	8,754	(11,122)	71,929
Results							
Segment profit	19,349	990	16,686	868	8,754	(8,908)	37,739
Finance costs							(38)
Unallocated expenses							(12,823)
Profit before taxation							24,878
Income tax expense							(6,533)
Profit after taxation							18,345

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	IT Infrastructure Solutions RM'000	Cybersecurity Solutions RM'000	Managed IT Services and Other IT Services RM'000	Trading of Ancillary Hardware and Software RM'000	Investment Holding RM'000	Consolidation Adjustments RM'000	Total RM'000
2022							
Revenue							
External revenue	45,901	16,560	9,106	1,274	–	–	72,841
Inter-segment revenue	10	–	204	–	11,500	(11,714)	–
Total revenue	45,911	16,560	9,310	1,274	11,500	(11,714)	72,841
Results							
Segment profit	17,920	4,273	3,632	450	11,500	(11,500)	26,275
Finance costs							(15)
Unallocated expenses							(9,592)
Profit before taxation							16,668
Income tax expense							(4,550)
Profit after taxation							12,118

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(CONT'D)

34. OPERATING SEGMENTS (CONT'D)

34.2 GEOGRAPHICAL INFORMATION

Revenue is based on country in which the customers are located.

	Revenue	
	2023 RM'000	2022 RM'000
Malaysia	51,130	31,214
PRC	5,657	11,142
Australia	1,144	20,380
Singapore	6,415	1,944
Others	[2]7,583	[1]8,161
	71,929	72,841

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	5,936	2,308	45,194	28,906	51,130	31,214
PRC	638	–	5,019	11,142	5,657	11,142
Australia	–	–	1,144	20,380	1,144	20,380
Singapore	149	50	6,266	1,894	6,415	1,944
Others	215	75	7,368	8,086	[2]7,583	[1]8,161
	6,938	2,433	64,991	70,408	71,929	72,841

Notes:-

(1) FYE 2022 - comprises Hong Kong, Thailand, Taiwan, South Korea, Indonesia, the Philippines, Japan and India.

(2) FYE 2023 - comprises Hong Kong, Thailand, Taiwan, South Korea, Indonesia, the Philippines, India and United Kingdom.

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34. OPERATING SEGMENTS (CONT'D)

34.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segments
	2023 RM'000	2022 RM'000	
Customer #1	31,373	48,060	IT Infrastructure Solutions, Cybersecurity Solutions, Managed IT Services and Other IT Services and Trading of Ancillary Hardware and Software
Customer #2	–	5,741	IT Infrastructure Solutions, Cybersecurity Solutions, Managed IT Services and Other IT Services
Customer #3	7,670	–	IT Infrastructure Solutions, Cybersecurity Solutions, Managed IT Services and Other IT Services and Trading of Ancillary Hardware and Software
	39,043	53,801	

35. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, China Renminbi, Singapore Dollar and Indian Rupee. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes.

Foreign Currency Exposure

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	China Renminbi RM'000	Singapore Dollar RM'000	Indian Rupee RM'000
The Group				
2023				
Financial Assets				
Trade receivables	709	429	3,605	5,500
Short-term investments	4,798	–	–	–
Cash and bank balances	616	2,171	4,085	53
	6,123	2,600	7,690	5,553
Financial Liabilities				
Trade payables	(271)	(467)	(1,776)	–
Other payables and accruals	–	(163)	(322)	(983)
Term loan	–	–	(226)	–
	(271)	(630)	(2,324)	(983)
Net financial assets	5,852	1,970	5,366	4,570
Less: Net financial assets denominated in the respective entities' functional currencies	–	(1,970)	(5,236)	(4,570)
Currency exposure	5,852	–	130	–

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	China Renminbi RM'000
The Group		
2022		
Financial Assets		
Trade receivables	8,304	477
Cash and bank balances	12,521	6,369
	20,825	6,846
Financial Liabilities		
Trade payables	—	(757)
Other payables and accruals	(1)	(310)
	(1)	(1,067)
Net financial assets	20,824	5,779
Less: Net financial assets denominated in the respective entities' functional currencies	—	(5,779)
Currency exposure	20,824	—

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial year, with all other variables held constant:-

	The Group	
	2023 RM'000	2022 RM'000
Effects on Profit After Taxation		
USD/RM:		
- strengthened by 5%	222	791
- weakened by 5%	(222)	(791)
SGD/RM:		
- strengthened by 5%	5	–
- weakened by 5%	(5)	–

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(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

Exposure to Interest Rate Risk

Interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting periods are as follows:-

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Fixed Rate Instrument		
Term loan	226	–

Interest Rate Risk Sensitivity Analysis

The interest rate sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

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(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and short-term investments), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk at the end of the reporting periods is as follows:-

	The Group	
	2023	**2022**
Number of customer	6	2
Percentage over total trade receivables	61%	75%

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

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(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default of past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 (2022 - 12) months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to previous financial year.

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses

The Group	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2023				
Current (not past due)	21,412	–	–	21,412
Past due:				
- 1 to 30 days past due	5,761	–	–	5,761
- 31 to 60 days past due	1,315	–	–	1,315
- 61 to 90 days past due	486	–	–	486
- More than 90 days	141	–	–	141
- Credit impaired	94	(94)	–	–
	29,209	(94)	–	29,115
2022				
Current (not past due)	10,994	–	–	10,994
Past due:				
- 1 to 30 days past due	3,777	–	–	3,777
- 31 to 60 days past due	93	–	–	93
- 61 to 90 days past due	1,453	–	–	1,453
- More than 90 days	286	–	–	286
- Credit impaired	1,992	(1,992)	–	–
	18,595	(1,992)	–	16,603

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-Trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries (Non-Trade Balances)

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The Company	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2023				
Low credit risk	16,462	–	–	16,462
2022				
Low credit risk	18,633	–	–	18,633

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2023						
Non-derivative Financial Liabilities						
Term loan	2.50	226	231	111	120	–
Trade payables	–	6,343	6,343	6,343	–	–
Other payables and accruals	9.00	5,517	5,882	4,193	1,689	–
Lease liabilities	5.50 - 7.85	796	848	437	411	–
		12,882	13,304	11,084	2,220	–
2022						
Non-derivative Financial Liabilities						
Trade payables	–	10,700	10,700	10,700	–	–
Other payables and accruals	–	1,611	1,611	1,611	–	–
Lease liabilities	5.45 - 5.70	316	337	149	188	–
		12,627	12,648	12,460	188	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2023						
Non-derivative Financial Liabilities						
Other payables and accruals	9.00	3,457	3,822	2,133	1,689	–
2022						
Non-derivative Financial Liabilities						
Other payables and accruals	–	58	58	58	–	–

35.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. As the Group has insignificant external borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Short-term investments (Note 15)	10,780	13,000	4,349	13,000
Amortised Cost				
Trade receivables (Note 12)	29,115	16,603	–	–
Other receivables (Note 13)	46	369	–	73
Amount owing by subsidiaries (Note 14)	–	–	16,462	18,633
Cash and bank balances	8,445	24,884	330	13
	37,606	41,856	16,792	18,719
Financial Liability				
Amortised Cost				
Term loan (Note 20)	226	–	–	–
Trade payables (Note 22)	6,343	10,700	–	–
Other payables and accruals (Note 21)	5,517	1,611	3,457	58
	12,086	12,311	3,457	58

35.4 GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss by:				
- designated upon initial recognition	280	73	158	73
Amortised Cost				
Net gain/(loss) recognised in profit or loss	158	(2,412)	160	1
Financial Liability				
Amortised Cost				
Net losses recognised in profit or loss	(2)	(15)	–	–

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value				
The Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total Fair Value RM'000**	**Carrying Amount RM'000**
2023								
Financial Asset								
Short-term investments:								
- money market fund	–	10,780	–	–	–	–	10,780	10,780
Financial Liability								
Term loan	–	–	–	–	218	–	218	226
2022								
Financial Asset								
Short-term investments:								
- money market fund	–	13,000	–	–	–	–	13,000	13,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value				
The Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total Fair Value RM'000**	**Carrying Amount RM'000**
2023					
Financial Asset					
Short-term investments:					
- money market fund	–	4,349	–	4,349	4,349
2022					
Financial Asset					
Short-term investments:					
- money market fund	–	13,000	–	13,000	13,000

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(aa) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which based on the fund managers' statements at the reporting date.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value, which is for disclosure purposes, has been determined using the following basis:-

(i) The fair value of term loan that carry fixed interest rate is determined by discounting the relevant future contractual cash flows using current market interest rate for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows are as follows:-

	The Group	
	2023	**2022**
Term loan	5.50%	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

(a) On 7 March 2023, the Company subscribed for additional 499,999 ordinary shares at an issue price of SGD1 each in the share capital of a wholly-owned subsidiary, Infoline SG, for a total cash consideration of SGD499,999.

(b) On 7 June 2023, the Company announced to extend the timeframe for utilisation of IPO proceeds of RM2.22 million allocated for business expansion from 12 July 2023 to 1 March 2024.

(c) On 28 July 2023, the Company subscribed 200,000 ordinary shares at an issue price of JPY100 each for a cash consideration of JPY20,000,000, representing 100% of the issued share capital of Infoline Japan. Consequently, Infoline Japan became a wholly-owned subsidiary of the Company.

(d) On 17 August 2023, the Company subscribed 100,000 ordinary shares at an issue price of INR10 each for a cash consideration of INR1,000,000, representing 100% of the issued share capital of Infoline India. Consequently, Infoline India became a wholly-owned subsidiary of the Company.

(e) On 15 August 2023, the Company acquired 100% equity interest in Inline Tech SG. The details of the acquisition are disclosed in Note 29 to the financial statements. Consequently, Inline Tech SG became a wholly-owned subsidiary of the Company.

(f) On 24 August 2023, the Company subscribed 1 ordinary share at an issue price of RM1 for a cash consideration of RM1, representing 100% of the issued share capital of Infoline M&E. Consequently, Infoline M&E became a wholly-owned subsidiary of the Company.

37. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000
Statements of Cash Flows (Extract):-				
Cash Flows From/(For) Operating Activities				
Interest paid	(15)	–	–	–
Cash Flows (For)/From Investing Activities				
Interest received	27	28	–	1
Cash Flows (For)/From Financing Activities				
Interest received	1	–	1	–
Interest paid	–	(15)	–	–

ANALYSIS OF SHAREHOLDINGS
AS AT 27 MARCH 2024

Total number of issued shares : 363,229,120
Class of Shares : Ordinary Shares
Voting Right : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares held	%
1 - 99	4	0.17	100	0.00
100 - 1,000	250	10.89	154,400	0.04
1,001 - 10,000	1,115	48.56	6,434,600	1.77
10,001 - 100,000	749	32.62	25,435,550	7.00
100,001 - 18,161,455 (*)	176	7.67	105,640,603	29.08
18,161,456 and above (**)	2	0.09	225,563,867	62.11
Total	2,296	100.00	363,229,120	100.00

REMARK: * LESS THAN 5% OF ISSUED HOLDINGS
** 5% AND ABOVE OF ISSUED HOLDINGS

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of shares	%	Indirect Interest No. of shares	%
Choo Wei Chuen	171,108,906	47.11	–	–
Loo Wai Hong	54,454,961	14.99	–	–

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTOR'S SHAREHOLDINGS

Name	Direct Interest No. of shares	%	Indirect Interest No. of shares	%
Ang Seng Wong	0	0.00	–	–
Choo Wei Chuen	171,108,906	47.11	–	–
Loo Wai Hong	54,454,961	14.99	–	–
Too Yit Meng	14,330,253	3.95	–	–
Olivia Lim	50,000	0.01	–	–
Tan Mui Ping	100,000	0.03	–	–
Alwizah Al-Yafii Binti Ahmad Kamal	45,000	0.01	–	–

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2024
(CONT'D)

LIST OF TOP 30 LARGEST SHAREHOLDERS

No	Name	No. of shares held	%
1	CHOO WEI CHUEN	171,108,906	47.11
2	LOO WAI HONG	54,454,961	14.99
3	TOO YIT MENG	14,330,253	3.95
4	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (KAF CORE INCOME FUND)	9,500,000	2.62
5	LIM KIM GHEE	6,115,800	1.68
6	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (KAF TACTICAL FUND)	4,300,000	1.18
7	KCNN VENTURE CAPITAL SDN BHD	4,053,800	1.12
8	TAN BEE HWA	2,912,800	0.80
9	TAN BEE HWA	2,374,000	0.65
10	INLINETECH SDN BHD	2,244,000	0.62
11	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD	1,900,000	0.52
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN KHEE	1,898,500	0.52
13	LEE KAR WENG	1,879,300	0.52
14	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	1,700,000	0.47
15	PON MENG YEE	1,500,000	0.41
16	LEE AH BAH	1,406,500	0.39
17	LEE KEAN KEAT	1,337,800	0.37
18	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN WAI HON	1,300,000	0.36
19	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD	1,163,300	0.32
20	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	1,133,200	0.31
21	TAN HOOI HONG	1,048,500	0.29
22	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES HONG KONG LIMITED	1,000,000	0.28
23	CHOO SAI HOOI	1,000,000	0.28
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR ETHEREAL CAPITAL SDN BHD	972,100	0.27
25	CHANG VUN LUNG	812,500	0.22
26	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYAZRIN SYIMEE BINTI SHARIFUDDIN	800,100	0.22
27	ONG KIAN HOCK	750,000	0.21
28	KAF TRUSTEE BERHAD KIFB FOR LAGMUIR HOLDINGS LTD	730,000	0.20
29	SAW SIONG YIH	725,000	0.20
30	LOH JIA MIN	700,000	0.19
		295,151,320	**81.26**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting ("**3rd AGM**") of Infoline Tec Group Berhad ("**the Company**") will be held at **Agate Room of Avante Hotel at 1 Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan** on **Friday, 31 May 2024** at **10:00 a.m.** (Malaysian time) for the following purposes:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements together with the Directors' and Auditors' Reports thereon for the financial year ended 31 December 2023.
   (please refer to Explanatory Note A)

2. To approve the payment of Final Single-Tier Dividend of 1.38 sen per ordinary share in respect of the financial year ended 31 December 2023. — **Ordinary Resolution 1**

3. To approve the payment of Non-Executive Directors' fees and benefits of up to RM280,000/- for the period from the 3rd AGM until the next Annual General Meeting to be held in the year 2025. — **Ordinary Resolution 2**
   (please refer to Explanatory Note B)

4. To re-elect Mr. Ang Seng Wong, the Director of the Company who retires in accordance with Clause 78 of the Company's Constitution and being eligible, had offered himself for re-election. — **Ordinary Resolution 3**
   (please refer to Explanatory Note C)

5. To re-elect the following Directors of the Company, who retire by rotation in accordance with Clause 76(3) of the Company's Constitution and being eligible, had offered themselves for re-election:-

   (a) Mr. Loo Wai Hong; and — **Ordinary Resolution 4**
   (b) Ms. Tan Mui Ping. — **Ordinary Resolution 5**
   (please refer to Explanatory Note C)

6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to determine their remuneration. — **Ordinary Resolution 6**

SPECIAL BUSINESS

To consider and if thought fit, with or without any modifications, to pass the following Ordinary Resolutions and Special Resolution:-

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016 ("THE ACT")** **Ordinary Resolution 7**

"**THAT** contingent upon passing of the Ordinary Resolution 8 on waiver of pre-emptive rights pursuant to Section 85 of the Act and subject to always to the Act, Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approval of relevant authorities, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting."
(please refer to Explanatory Note D)

8. **WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE ACT** **Ordinary Resolution 8**

"**THAT** pursuant to Section 85 of the Act to read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to passing Ordinary Resolution 7 on Authority to Issue and Allot Shares pursuant to the Act.

AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 7 on Authority to Issue and Allot Shares pursuant to the Act."
(please refer to Explanatory Note E)

9. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** **Special Resolution 1**

"**THAT** the proposed amendments to the Constitution of the Company, as annexed as Appendix I of the Annual Report for the financial year ended 31 December 2023, be and are hereby approved and come into effect upon transfer listing of the Company.

AND THAT the Directors be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the proposed amendments to the Constitution of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities."
(please refer to Explanatory Note F)

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

10. To transact any other business of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

YEOW SZE MIN
(MAICSA 7065735)
(SSM PC No. 201908003120)

CHEW KIT YEE
(MAICSA 7067474)
(SSM PC No. 202208000376)

Company Secretaries

Kuala Lumpur
26 April 2024

NOTES ON APPOINTMENT OF PROXY

1. Only a member whose name appears in the Record of Depositors of the Company as at 24 May 2024 shall be entitled to attend, speak and vote, and to appoint proxy(ies) to attend, speak and vote on his/her/its behalf at the 3rd Annual General Meeting ("**AGM**").

2. A member of the Company who is entitled to attend and vote at the 3rd AGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 3rd AGM. A proxy may but need not be a member of the Company.

3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

5. Where a member appoints more than one (1) proxy to attend the 3rd AGM, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of a duly authorised officer or attorney of the corporation.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

NOTES ON APPOINTMENT OF PROXY (CONT'D)

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 3rd AGM or any adjournment thereof:-

   a. In hard copy form

      The Proxy Form must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

   b. By electronic means

      The Proxy Form can be electronically lodged via the following methods: -

      (i) Vide Facsimile (**Fax Number: +603-2094 9940 / +603-2095 0292**); or
      (ii) Vide designated Email Address of Share Registrar: **info@sshsb.com.my**

   A member may call the support line of Securities Services (Holdings) Sdn. Bhd. at +603-2084 9000 for assistance/clarification on item (7)(b) above.

8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 3rd AGM and/or any adjournment thereof, a member of the Company: -

   (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agent) for the purpose of the processing and administration of proxies and representatives appointed for the 3rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 3rd AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
   (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agent), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agent) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
   (iii) agrees that the member will indemnify the Company (or its agent) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes:

A. Agenda item 1 - Audited Financial Statements for the financial year ended 31 December 2023

This agenda item is meant for discussion only in accordance with Section 340(1)(a) of the Act. The Audited Financial Statements do not require a formal approval of shareholders and hence, the matter will not be put forward for voting.

B. Agenda item 3 – Directors' Fees and Benefits (Ordinary Resolution 2)

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Non-Executive Directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting.

The proposed Directors' fees and benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from the 3rd AGM up to the next AGM to be held in the year 2025. In the event the proposed amount is insufficient (i.e. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

The Ordinary Resolution 2, if passed, will allow the Company to make the payment to the Non-Executive Directors on a monthly basis. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid such payment on a monthly basis after they have discharged their responsibilities and rendered their services to the Company.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes: (Cont'd)

C. Agenda items 4 and 5 – Re-election of Directors (Ordinary Resolutions 3, 4 and 5)

Mr. Ang Seng Wong, Mr. Loo Wai Hong and Ms. Tan Mui Ping ("**Retiring Directors**") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 3rd AGM.

The Board had through the Nominating Committee ("**NC**") carried out the annual assessment and fit and proper assessment on the Retiring Directors and agreed that they met the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their role as Directors of the Company.

The Board had also through the NC carried out an assessment on the independence of Mr. Ang Seng Wong and Ms. Tan Mui Ping and is satisfied that they met the criteria of independence as prescribed in the ACE Market Listing Requirements of Bursa Securities.

D. Agenda item 7 – Authority to Issue and Allot Shares pursuant to the Act (Ordinary Resolution 7)

The Company wishes to obtain a mandate on the authority to issue shares pursuant to the Act at the 3rd AGM of the Company to issue shares any time to such persons provided that the aggregate number of shares to be issued pursuant to this resolution during the preceding twelve (12) months does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**General Mandate**").

The Company had been granted a general mandate on the authority to issue shares pursuant to the Act by its shareholders at the Second AGM of the Company held on 19 June 2023 (hereinafter referred to as the "**Previous Mandate**").

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

Subject to the passing of the Ordinary Resolution 8 on waiver of pre-emptive rights pursuant to Section 85 of the Act and the General Mandate, if granted, will give the Directors of the Company the flexibility to issue and allot new shares in the Company in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting.

The authority for the allotment of new shares will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for the purpose of funding future investments, working capital and/or acquisition. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM.

E. Agenda item 8 – Waiver of Pre-emptive Rights pursuant to Section 85 of the Act (Ordinary Resolution 8)

Pursuant to Section 85(1) of the Act to read together with Clause 12(3) of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities. Thus, a waiver is required.

By voting in favour of Ordinary Resolution 8, the shareholders of the Company would be waiving their statutory pre-emptive rights to be offered new shares to be issued by the Company pursuant to Ordinary Resolution 7. Hence, Ordinary Resolution 8, if passed, would allow the Directors to issue new shares to any person pursuant to Ordinary Resolution 7 without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

F. Agenda item 9 – Proposed amendments to the Constitution of the Company (Special Resolution 1)

The proposed adoption of Special Resolution 1 is to streamline the Company's existing Constitution with the Main Market Listing Requirements of Bursa Securities and other prevailing statutory and regulatory requirements, while facilitate any future transfer of the listing of the Company from ACE Market to the Main Market of Bursa Securities, as well as to enhance administrative efficiency.

That Special Resolution 1, if passed will take effect only on the date of listing of the Company on the Main Market of Bursa Securities.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

APPENDIX I

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

The Clauses of the Constitution of the Company are proposed to be amended in the following manner: -

Clause No.	Existing Clause	Proposed changes to the Clause
3	"Listing Requirements" means ACE Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.	"Listing Requirements" means **Main** Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.
12(4)	Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.	Subject to **~~Rule 6.07 of~~ Paragraph 6.06 of** the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.
24(3)	The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and (c) such amounts as the Company may be called upon by law to pay, and has paid, in respect of the shares of the Member or deceased Member. In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.	The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid; **and** ~~(b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and~~ **(c)(b)** such amounts as the Company may be called upon by law to pay, and has paid, in respect of the shares of the Member or deceased Member. In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.

CDS Account No.

INFOLINE TEC GROUP BERHAD
Registration No. 202101032489 (1432789-M)
(Incorporated in Malaysia)

No. of shares held

FORM OF PROXY

*I/We, ... Tel: .....
(full name in block, NRIC / Passport No. / Registration No.)

of .....
(full address)

being a member(s) of **INFOLINE TEC GROUP BERHAD ("the Company")**, hereby appoint:

Full Name (In Block)	**NRIC / Passport No.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

and/or* (*delete as appropriate)

Full Name (In Block)	**NRIC / Passport No.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Third (3rd) Annual General Meeting of the Company to be held at Agate Room of Avante Hotel at 1 Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 31 May 2024 at 10:00 a.m. (Malaysian time) and at any adjournment thereof, and to vote as indicated below:

Ordinary Business	**Resolution**	**For**	**Against**
Approval of the payment of Final Single-Tier Dividend of 1.38 sen per ordinary share in respect of the financial year ended 31 December 2023.	Ordinary Resolution 1		
Approval of the payment of Non-Executive Directors' fees and benefits of up to RM280,000/- for the period from the 3rd Annual General Meeting until the next Annual General Meeting to be held in the year 2025.	Ordinary Resolution 2		
Re-election of Mr. Ang Seng Wong	Ordinary Resolution 3		
Re-election of Mr. Loo Wai Hong	Ordinary Resolution 4		
Re-election of Ms. Tan Mui Ping	Ordinary Resolution 5		
Re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to determine their remuneration	Ordinary Resolution 6		
Special Business			
Authority to issue and allot shares pursuant to the Companies Act 2016	Ordinary Resolution 7		
Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016	Ordinary Resolution 8		
Proposed amendments to the Constitution of the Company	Special Resolution 1		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____, 2024

Signature*
Member

* Manner of execution:

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the Constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with rubber stamp of your company (if any) and executed by:
  (i) At least two (2) authorised officers, of whom one shall be a director; or
  (ii) Any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. Only a member whose name appears in the Record of Depositors of the Company as at 24 May 2024 shall be entitled to attend, speak and vote, and to appoint proxy(ies) to attend, speak and vote on his/her/its behalf at the 3rd Annual General Meeting ("**AGM**").
2. A member of the Company who is entitled to attend and vote at the 3rd AGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 3rd AGM. A proxy may but need not be a member of the Company.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. Where a member appoints more than one (1) proxy to attend the 3rd AGM, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of a duly authorised officer or attorney of the corporation.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 3rd AGM or any adjournment thereof:-
   (a) In hard copy form

   The Proxy Form must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

   (b) By electronic means

   The Proxy Form can be electronically lodged via the following methods: -

   (i) Vide Facsimile (**Fax Number: +603-2094 9940 / +603-2095 0292**); or

   (ii) Vide designated Email Address of Share Registrar: **info@sshsb.com.my**

   A member may call the support line of Securities Services (Holdings) Sdn. Bhd. at +603-2084 9000 for assistance/clarification on item (7)(b) above.
8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 3rd AGM and/or any adjournment thereof, a member of the Company: -
   (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agent) for the purpose of the processing and administration of proxies and representatives appointed for the 3rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 3rd AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
   (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agent), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agent) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
   (iii) agrees that the member will indemnify the Company (or its agent) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX STAMP

The Poll Administrator

INFOLINE TEC GROUP BERHAD
Registration No.: 202101032489 (1432789-M)

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Wilayah Persekutuan

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Infoline Tec Group Berhad
Registration No. 202101032489 (1432789-M)

No. 53-3, Jalan PJU 5/20E, Pusat Perdagangan Kota Damansara,
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