



**SECURE
METRIC**
— BERHAD —

ANNUAL REPORT **2023**

FORMULA FOR
STRONG
DIGITAL SECURITY

7th ANNUAL GENERAL MEETING



Auditorium Hive 5,
Taman Teknologi Mranti,
Lebuhraya Puchong-Sg
Besi, 57000 Bukit Jalil,
Kuala Lumpur



Thursday
30 May 2024



2.30 pm

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VISION

To be your trusted digital security partner.



MISSION

Securing the world's digital economy transformation today, tomorrow and beyond.



VALUES

Customers' KPIs as our Priority

The Group believes that by prioritising our customers' KPIs, the Group is able to deliver exceptional value and service, and build long-term relationships with our customers based on trust, collaboration, and mutual success.

Industry Know-How

Our industry know-how is a key differentiator that sets us apart from our competitors and allows us to deliver the best possible products or services to our customers. The Group is committed to staying at the forefront of our industry and leveraging our expertise to help our customers succeed.

Technical Know-How

The Group's team of experts have a strong technical foundation and strive to stay up-to-date with the latest technologies, tools, and techniques. They use their technical know-how to design, develop, and implement innovative solutions that meet customers' unique needs and requirements. They also solve complex problems, optimise processes, and ensure high-quality standards for their products or services using their technical expertise.

Sharing of Knowledge

The Group values the importance of sharing knowledge and expertise with customers, partners, and the community to drive innovation and achieve success in today's rapidly changing business world. The Group actively encourages employees to share their knowledge and participates in industry associations, conferences, and events to network with other experts and share best practices and insights.

FORMULA FOR

STRONG DIGITAL SECURITY



Strong security methodology to effectively combat today's increasing digital threats is our top business priority.

Securemetric Berhad ("Securemetric" or "the Company") was incorporated as a Private Limited Company in Malaysia on 6 June 2017 and converted into Public Limited Company on 12 September 2017. The Company was listed on 13 November 2018 on the ACE Market of Bursa Malaysia Securities Berhad.

Securemetric and its subsidiaries ("the Group") is a leading regional player in the field of digital security by providing digital security solutions as well as trading of electronic identification products, and other related services across Southeast Asia.

The Group's clientele includes government organisations, accounting industries, financial institutions, Public Certification Authorities, software development companies and IT service providers.

The Group is armed with in-house expertise in the areas of software licensing protection dongles, two-factor authentication ("2FA"), public key infrastructure ("PKI"), centralised authentication management systems ("CENTAGATE®") and electronic identification products.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Clifton Heath Fernandez
Independent Non-Executive Chairman

Dato' Ng Wan Peng
Independent Non-Executive Director

Shireen Chia Yin Ting
Independent Non-Executive Director

Law Seeh Key
Non-Independent Executive Director/
Chief Executive Officer

Yong Kim Fui
Non-Independent Executive Director/
Chief Financial Officer

AUDIT COMMITTEE

Shireen Chia Yin Ting,
Chairperson
Dato' Ng Wan Peng, *Member*
Clifton Heath Fernandez, *Member*

RISK MANAGEMENT COMMITTEE

Clifton Heath Fernandez,
Chairman
Dato' Ng Wan Peng, *Member*
Shireen Chia Yin Ting, *Member*
Yong Kim Fui, *Member*
Nioo Yu Siong, *Member*

REMUNERATION COMMITTEE

Shireen Chia Yin Ting,
Chairperson
Dato' Ng Wan Peng, *Member*
Clifton Heath Fernandez, *Member*

NOMINATION COMMITTEE

Dato' Ng Wan Peng, *Chairperson*
Clifton Heath Fernandez, *Member*
Shireen Chia Yin Ting, *Member*

AUDITORS

UHY Chartered Accountants
(AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel: 03-2279 3088
Fax: 03-2279 3099

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
(SSM Practicing Certificate No.
201908000410)

PRINCIPAL BANKERS

AmBank (M) Berhad
[Registration No.: 196901000166 (8515-D)]
24 & 26 Jalan Hujan Rahmat 2
Overseas Union Garden
Off Jalan Klang Lama
58200 Kuala Lumpur, Malaysia
Tel: 03-7784 7035
Fax: 03-7784 7041

CIMB Bank Berhad
[Registration No.: 197201001799 (13491-P)]
Ground Floor Wisma Genting
28, Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel: 03-2039 3124
Fax: 03-2031 6320

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
[Registration No.: 199601006647
(378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
Tel: 03-7890 4700
Fax: 03-7890 4670
Email address: bsr.helpdesk@
boardroomlimited.com

REGISTERED OFFICE

Acclime Corporate Services Sdn. Bhd.
Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur, Malaysia
Tel: 03- 2280 6388
Fax: 03- 2280 6399
Email address: listcomalaysia@
acclime.com

CORPORATE OFFICE

Level 5-E-6, Hive 5
Taman Teknologi Mranti
Lebuhraya Puchong – Sg. Besi
Bukit Jalil
57000 Kuala Lumpur, Malaysia
Tel: 03-8996 8225
Fax: 03-8996 7225
Website: www.securemetric.com
Email address: ir@securemetric.com

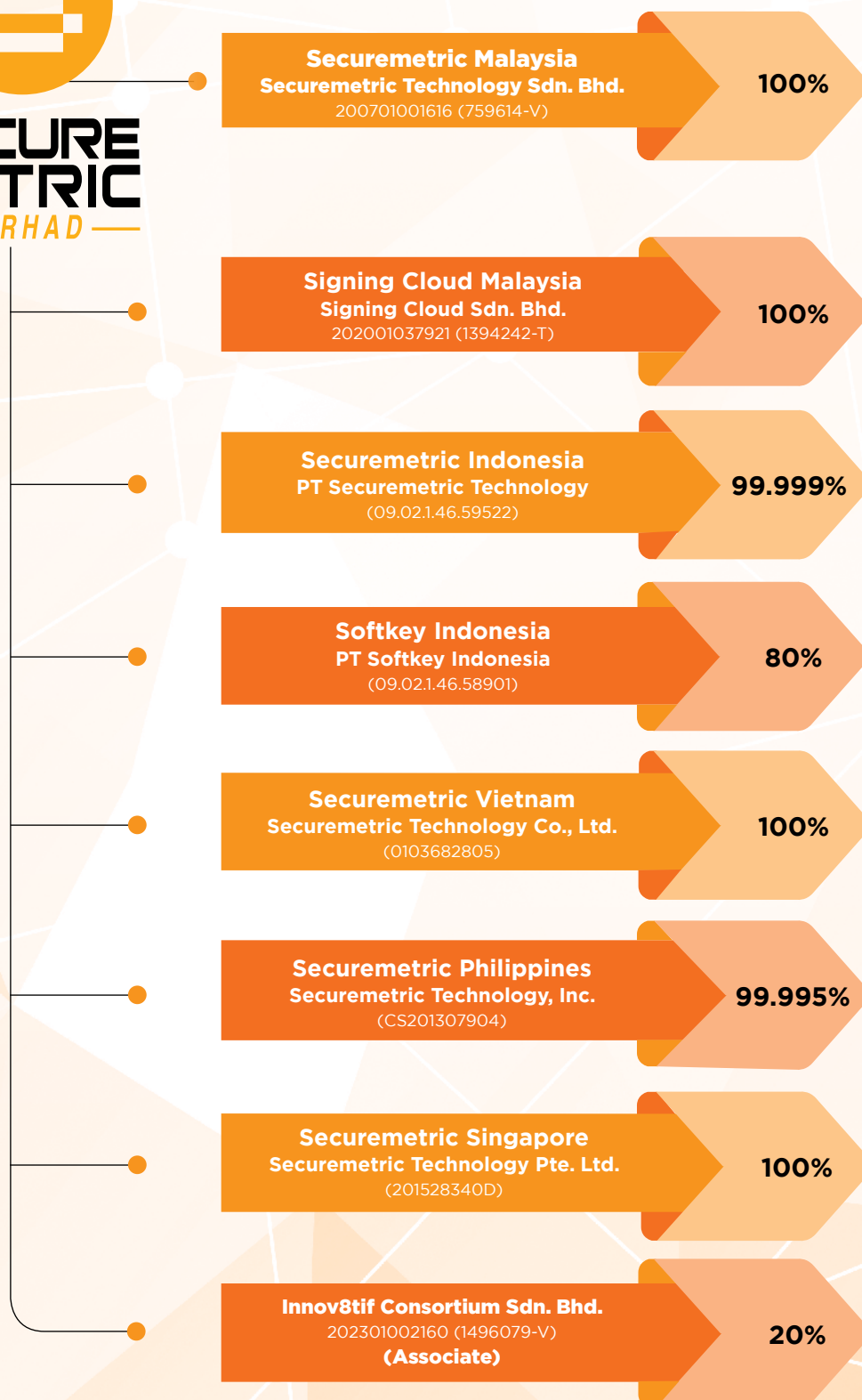
STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name: SMETRIC
Stock Code: 0203

CORPORATE STRUCTURE



**SECURE
METRIC**
— BERHAD —

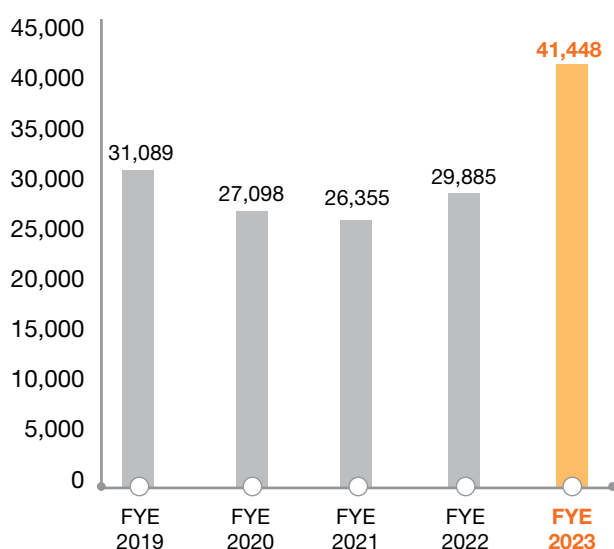
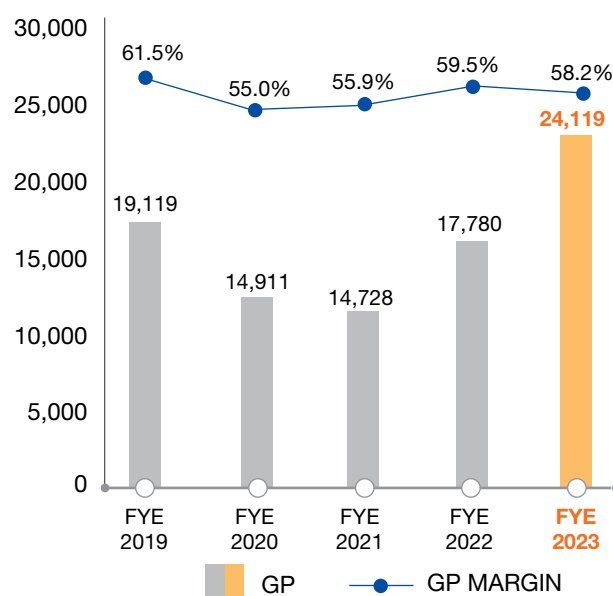


FINANCIAL HIGHLIGHTS

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
PROFITABILITY					
Revenue	31,089	27,098	26,355	29,885	41,448
Gross profit ("GP")	19,119	14,911	14,728	17,780	24,119
Profit/(Loss) before tax ("PBT"/ "LBT")	3,029	(4,077)	(1,082)	(858)	212
Profit/(Loss) after tax ("PAT"/ "LAT")	2,013	(4,868)	(1,860)	(1,797)	(972)
Net profit/(loss) attributable to owners of the Company	1,990	(4,852)	(1,846)	(1,723)	(891)
FINANCIAL POSITION					
Total assets	51,627	48,871	55,264	57,216	58,695
Equity attributable to owners of the Company	38,697	38,705	42,633	40,676	40,968
Total borrowings	1,019	630	1,355	945	1,643
Weighted average number of ordinary shares ('000)	487,200 ⁽¹⁾	512,583	552,775	576,506	577,043
SHARE INFORMATION					
Earnings/(Loss) per share ("EPS"/ "LPS") (sen)	0.4 ⁽¹⁾	(0.9)	(0.3)	(0.3)	(0.15)
Net assets per share attributable to owners of the Company (sen)	15.9 ⁽²⁾	7.2 ⁽²⁾	7.4 ⁽²⁾	7.1 ⁽²⁾	7.1⁽²⁾
Gross gearing ratio (times)	0.03	0.02	0.03	0.02	0.04

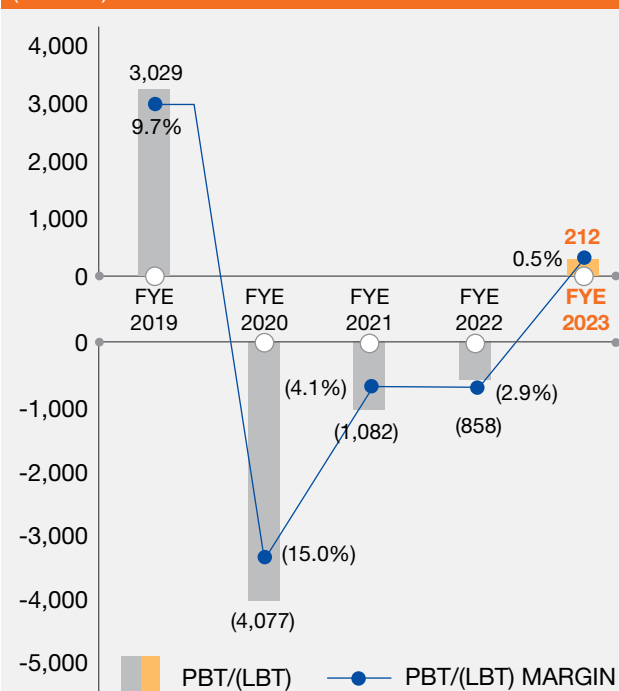
Notes:

- ⁽¹⁾ The EPS and weighted average number of ordinary shares for FYE 2019 has been restated to reflect the retrospective adjustment arising from bonus issue which was completed on 20 January 2020.
- ⁽²⁾ The net assets per share attributable to owners of the Company is based on actual number of ordinary shares in issue.

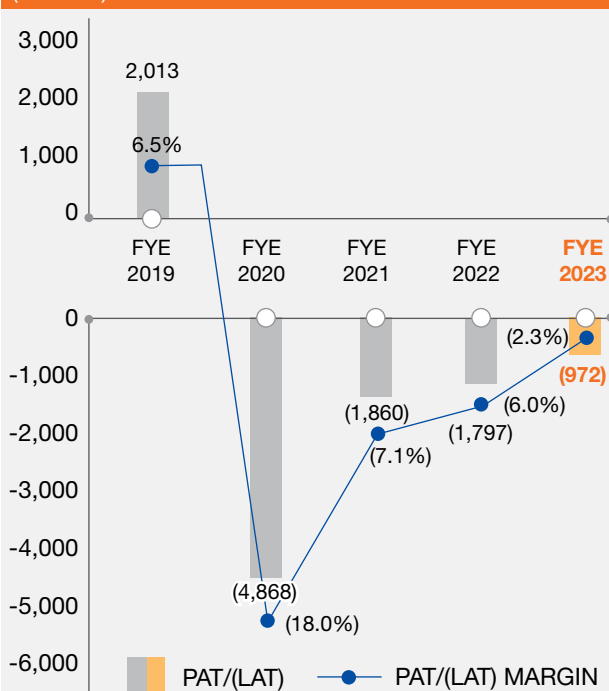
REVENUE
(RM'000)**GP & GP MARGIN**
(RM'000)

FINANCIAL HIGHLIGHTS (CONT'D)

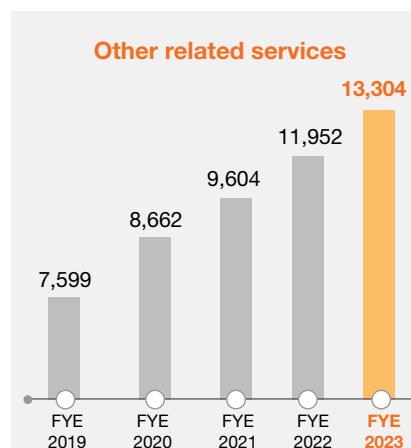
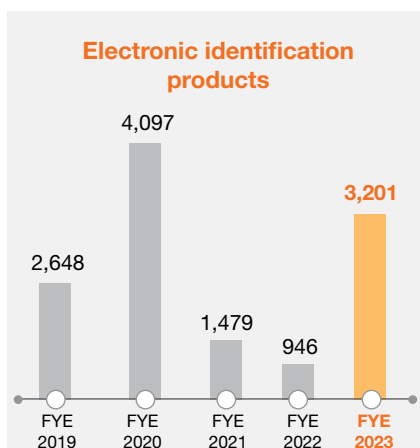
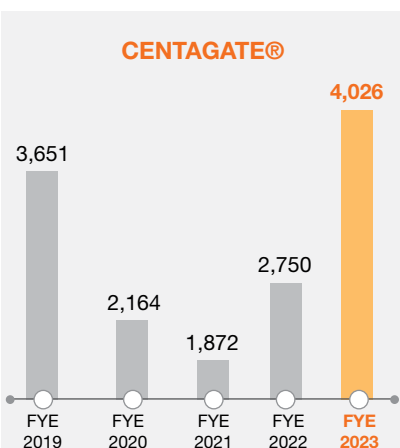
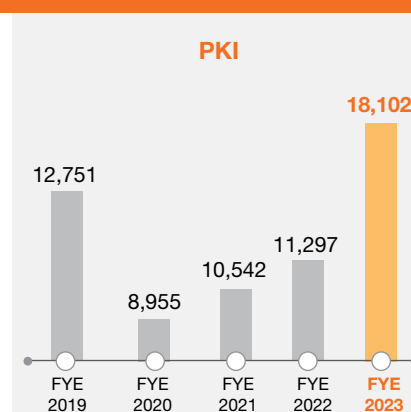
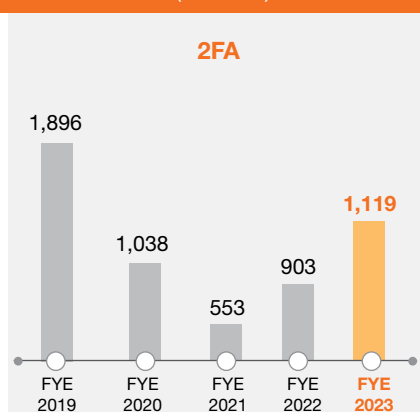
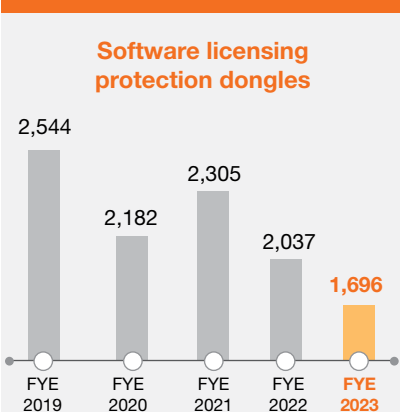
PBT/(LBT) & PBT/(LBT) MARGIN (RM'000)



PAT/(LAT) & PAT/(LAT) MARGIN (RM'000)



REVENUE BY BUSINESS SEGMENTS (RM'000)



CHAIRMAN'S STATEMENT

It is my pleasure, on behalf of the Board of Directors ("Board") of Securemetric, to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2023 ("FYE 2023").

CLIFTON HEATH FERNANDEZ
Independent Non-Executive Chairman

OVERVIEW

Overall, 2023 was a challenging year. While the global economy managed to avoid a recession, it faced several persistent challenges that tempered the pace of recovery and growth. High inflation rates, geopolitical tensions, monetary policy tightening, and supply chain disruptions remained key areas of concern, shaping the economic landscape for the year.

Against this backdrop, the International Monetary Fund ("IMF") projected in October 2023 that global gross domestic product (GDP) growth will slow down from 3.5% in 2022 to 3.0% in 2023.

(Source : <https://www.imf.org/en/Publications/WEQ/Issues/2023/10/10/world-economic-outlook-october-2023>)



CHAIRMAN'S STATEMENT (CONT'D)

On the local front, according to Bank Negara Malaysia ("BNM"), the Malaysian economy, as measured by GDP, grew by 3.0% in the fourth quarter of 2023. Overall, the growth for 2023 normalised to 3.7%, following the strong growth registered in the previous year (2022: 8.7%). This moderation was primarily attributed to a combination of factors, including a slowdown in global trade, a downturn in the global technology sector, geopolitical tensions, and the implementation of tighter monetary policies. Despite these external challenges, the Malaysian economy demonstrated resilience, supported by continued recovery in domestic economic activity and favorable labor market conditions. Headline inflation continued to decline to 1.6% during the fourth quarter of 2023. For 2023, headline inflation declined to 2.5% (2022: 3.3%).

(Source : https://www.bnm.gov.my/-/qb23q4_en_pr)

Despite the challenging economic conditions, the Group remained focused on its business strategies. The Group will continue to expand its business development sectors, improve market penetration, enhance efficiency, and implement cost control measures.

FINANCIAL HIGHLIGHTS

In FYE 2023, the Group recorded revenue of RM41.45 million, an increase of RM11.56 million from RM29.89 million recorded in FYE 2022. The increase in revenue was mainly due to the overall increase in revenue from digital security solutions, electronic identification products and others maintenance services.

Loss after tax and after non-controlling interests stood at RM0.89 million, which represents an improvement of RM0.83 million as compared to loss after tax and after non-controlling interests of RM1.72 million in the previous financial year. The improvement was mainly due to higher gross profit resulting from the increase in overall revenue in FYE 2023.

The Group's cash reserve continues to be at a healthy level of RM22.39 million. In view of this, the Group is well-positioned to not only weather the current economic climate but also to expand its businesses, as and when opportunity arises.

For a more in-depth analysis of Securemetric's financial and operational performance, please refer to the Management Discussion & Analysis section of this Annual Report.

PROSPECTS

Moving into the new financial year, the Group will continue its strategic initiatives, which include exploring additional strategic partnerships to boost revenue, expanding the Group's business networks, evaluating new project opportunities across Southeast Asia region, strengthening sales and marketing efforts for improved market penetration,

and consistently optimising the Group's product offerings. Concurrently, proactive measures will be taken to reduce operating expenses through cost-cutting measures and cross-training staff for enhanced function versatility.

Despite market uncertainties, the Group sees numerous growth opportunities emerging from the sustained global push towards digitalisation. The Information and Communications Technology ("ICT") products and services industry is set for ongoing expansion, driven by the widespread integration of ICT into daily life and business operations. As a result, the Group is strategically positioned to seize the opportunities arising from digitalisation, especially within the cybersecurity sector.

Moreover, the government announced its intention to expedite the development of the National Digital Identity initiative, known as MyDigital ID, during the tabling of the 2024 budget in October 2023 presents a significant opportunity for us. With the Malaysian government prioritising the development of digital identities to accelerate digital transformation, the Group stands to benefit from its expertise in areas such as national certification authority setup and its portfolio of products and solutions that can facilitate the adoption of MyDigital ID across both government and private sectors.

Simultaneously, the Group will continue exploring new solutions and monitoring market trends in the digital security industry, with the aim to develop new strategies and upsell to existing customers across the region for sustained growth.

Our business model is robust, dynamic, and agile, enabling a swift response to the external landscape, fostering innovation, and developing new services to meet changing market requirements or emerging opportunities while maintaining core business as digital security provider.

The Board expresses confidence in the Group's ability to navigate the upcoming challenges and is cautiously optimistic about the Group's prospects for the next financial year ending 31 December 2024.

APPRECIATION

On behalf of Securemetric's Board, I would like to express my sincere appreciation to our management team and all employees for their hard work and dedication contributing towards the Group's well-being.

My heartfelt thanks to our valued shareholders, customers, partners, suppliers, bankers, business associates, government agencies and regulatory authorities. Your continued support and trust in the Group is greatly appreciated.

We remain committed to delivering long-term value for the shareholders. Together, we will grow stronger as we progress into a new decade.

MANAGEMENT DISCUSSION & ANALYSIS

We hereby present our Group's Management Discussion & Analysis Statement for the FYE 2023.

"In 2023, our Group has shown improvement, marked by higher revenue and operating profit recorded (before impairment losses on investments) as compared to the FYE 2022. However, the impairment losses on investments has negative impact to our results, resulting in a loss after tax. Despite global economic uncertainties, high inflation, and instability in 2023, we remained committed to our strategic goals. By leveraging our diverse presence and strengthening our technology capabilities, we tackled supply chain challenges and managed cost inflation while staying adaptable. Looking forward, we are confident in our ability to navigate uncertainties and seize sustainable growth opportunities."

1. OVERVIEW OF THE GROUP'S BUSINESSES AND OPERATIONS

1.1 Core Business and Operations of the Group

The Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products and other related services. Our Group has offices in Malaysia, Vietnam, the Philippines, Indonesia and Singapore. Within our Group, Securemetric Malaysia and Signing Cloud Malaysia are responsible for undertaking research and development for our Group's digital security solutions as well as being involved in sales and marketing. Securemetric Malaysia also serves as a central hub for managing the exports of our digital security solutions and electronic identification products to other countries.

Securemetric Vietnam, Securemetric Philippines and Securemetric Indonesia are primarily accountable for the implementation of projects relevant to the provision of digital security solutions and other related services as well as being responsible for the sales and marketing of our Group's electronic identification products. Meanwhile, Securemetric Singapore and Softkey Indonesia focus only on the sales and marketing of our Group's electronic identification products and other related services.

The Group's core business segments are as follows:

Segments	Principal activities
Digital security solutions	
<ul style="list-style-type: none"> Software licensing protection dongles 	For prevention of unauthorised access, copy, imitation and distribution of software. To protect parties with exclusive rights and ensure only paying customers have access.
<ul style="list-style-type: none"> 2FA 	Aims to enhance access security by enforcing a second authentication factor, a randomly generated One-Time Password.
<ul style="list-style-type: none"> PKI 	To ensure that the sender of data is indeed the source and that the said data has not tampered in transit.
<ul style="list-style-type: none"> CENTAGATE® 	An inclusive software that manages user authentication and supports multi-factor and multi-channel authentication and digital signing solution ("SigningCloud").
Electronic identification products	We purchase third party branded electronic identification products from product principals for onward sale to our customers.
Other related services	Maintenance services arising from service level agreements following the completion of projects, the typical duration is one year with an annual renewal option.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

2. REVIEW OF FINANCIAL RESULTS

The Group registered total revenue of RM41.45 million in FYE 2023 as compared to RM29.89 million in the preceding financial year. On a year-on-year ("y-o-y") basis, the Group's revenue has increased by RM11.56 million or 38.7% due to overall increase in revenue from digital security solutions, electronic identification products and others maintenance services.

Our GP margin slightly decreased by 1.3% y-o-y from 59.5% in FYE 2022 to 58.2% in FYE 2023. Despite registered a decline in GP margin, our GP increased by 35.7% from RM17.78 million in FYE 2022 to RM24.12 million in FYE 2023. The increase in GP was mainly driven by an increase in overall revenue in digital security solutions where one of the solutions, PKI, which generally yields higher profit.

The increase in administrative expenses by 38.1% y-o-y to RM26.77 million was mainly due to impairment losses on investments during the financial year under review.

The Group recorded a profit before tax of RM0.21 million in FYE 2023, an improvement of 124.4% as compared to a loss before tax of RM0.86 million in FYE 2022.

The Group reported a loss after tax ("LAT") of RM0.97 million in FYE 2023 as compared to LAT of RM1.80 million in FYE 2022, translating to LAT margin of -2.3% and -6.0% respectively.

The Group registered a healthy financial position with RM22.39 million in cash and cash equivalents at the end of the financial year under review. Further to this, total assets have increased to RM58.69 million from RM57.22 million recorded in the last financial year, while shareholders' equity amounted to RM40.97 million as at 31 December 2023, resulting in a net assets per share of 7.1 sen.

Non-current assets decreased by RM3.77 million, primarily due to decrease in other investments by RM 4.0 million.

Geographically, Malaysia contributed around 25.3% to the Group's revenue, with the balance from the Philippines (18.6%), Vietnam (17.3%), Indonesia (16.4%), Singapore (14.0%) and others (8.4%).

Digital Security Solutions

The digital security solutions segment contributed to the biggest revenue in FYE 2023. This segment delivered a total revenue of RM24.94 million to the Group, which is a 46.8% y-o-y increase from RM16.99 million in FYE 2022. The increase in revenue from this segment was mainly from the increase in PKI and CENTAGATE® revenue.

Electronic Identification Products

For FYE 2023, the electronic identification products' business segment contributed RM3.20 million to the Group's overall revenue. In comparison to the revenue recorded in FYE 2022, this represents an increase of RM2.25 million or 238.4% y-o-y from RM0.95 million. The increase revenue contribution was mainly from Securemetric Malaysia.

Others

The Group's other business segments comprise mainly maintenance service charges to our clients. This segment contributed RM13.30 million, representing a 11.3% y-o-y increase from RM11.95 million in FYE 2022. The increase in revenue contribution can be credited to the continuous enlargement of the Group's client base as well as Securemetric Malaysia who contributed the most revenue in FYE 2023.

3. OPERATIONS REVIEW

Amidst challenging economic conditions, the Group manages to secure new contracts annually for providing digital security solutions and electronic identification products in the countries where it operates. Furthermore, the Group delivers reliable maintenance and support contracts to both its current and potential customers.

4. FUTURE PROSPECTS

As we commence the new financial year, we approach it with careful optimism. Despite some macroeconomic uncertainties, we are identifying several growth opportunities. This is primarily attributable to the ongoing global shift towards digitalisation and automation, which is in line with our business model.

In today's increasingly interconnected world, strengthening our digital defenses is crucial, as evidenced by the rise in cyber threats. As organisations increasingly transition to digital platforms, cybersecurity becomes essential to safeguard their operations. Adopting new security technologies is crucial to manage risks effectively. With digitalisation and emerging technologies becoming more prevalent, cyber threats are expected to escalate, highlighting the critical importance of prioritising cybersecurity as a fundamental objective in safeguarding data against a spectrum of online threats and unauthorised access.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

4. FUTURE PROSPECTS (CONT'D)

The global cybersecurity industry is experiencing significant growth, with MarketsandMarkets projecting an increase in market size from USD 190.5 billion in 2023 to USD 208.8 billion by 2024, representing a 10% year-over-year increase.

(Source : <https://www.marketsandmarkets.com/Market-Reports/cyber-security-industry-outlook-217338166.html>)

Similarly, the ASEAN cybersecurity market is expected to register a compound annual growth rate ("CAGR") of 18.5% during the forecast period (2022-2027).

(Source : <https://www.mordorintelligence.com/industry-reports/asean-cybersecurity-market>)

Additionally, insights provided by Mordor Intelligence indicate a parallel surge in the Malaysia cybersecurity market, with anticipated growth from USD 0.95 billion in 2023 to USD 2.06 billion by 2028, at a CAGR of 16.84% during the forecast period (2023-2028).

(Source : <https://www.mordorintelligence.com/industry-reports/malaysia-cybersecurity-market>)

These projections highlight the escalating demand for cybersecurity solutions amidst the evolving threat landscape. With our expertise in PKI and other areas of digital security such as CENTAGATE® and SigningCloud, we are strategically positioned to leverage the momentum of digitalisation. This places us in a pivotal role in safeguarding cyber assets and transactions.

In addition, the Group will strive to continuously develop solutions using the latest digital security technologies to meet the evolving market needs and demands.

Furthermore, apart from the focus placed on the existing business, the Group will also continue to keep an open view on merger and acquisition targets that will complement its overall business activities.

The Group is optimistic about the economic outlook for Malaysia in the coming year. Moving forward, we expect that the financial performance of the Group will improve gradually as we execute our strategic business plan.

5. ANTICIPATED OR KNOWN RISKS

Rapid changes in technological development

The technology industry is a fast-growing and constantly changing sector. Our Group is highly dependent on IT technology for future growth and survival, as our products and services are based on technology. As such, we seek to limit risks by actively engaging in research and development. The Group prioritises constantly adapting to rapidly changing market demands and developing new business software solutions in a timely and cost-effective manner. Additionally, we emphasise staff development to ensure our employees' skills and knowledge are aligned with the latest technology in our business.

Dependence on key and technical personnel

The Group recognises that the ongoing success of its operations is reliant upon the skills and consistent contributions of its current key management and technical personnel. The departure of any of these crucial team members could negatively impact the Group's competitiveness.

The Group employs various measures to both retain and attract essential management personnel, including offering employee benefits and incentives that foster a long-term commitment to the Group. At the same time, the Group regularly reviews its remuneration packages to maintain competitiveness and implements programs to acquire new talent and retain existing staff.

Apart from this, the Group places a strong emphasis on cultivating its younger management personnel to ensure a consistent level of quality and dynamism within the management team by providing the necessary guidance, training, and exposure, with the ultimate goal of preparing them to succeed the management team in the future, ensuring a seamless transition and continued success for the Group.

Furthermore, the Group believes that the e-commerce market has a substantial pool of talented individuals with relevant experience and expertise. As a result, the Group is confident that it can readily recruit suitable candidates to fill any vacancies within a reasonable timeframe.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

5. ANTICIPATED OR KNOWN RISKS (CONT'D)

Credit risk

The uncertain global and modest domestic economies potentially pose a challenge to the Group's credit risk in relation to longer collection periods and potentially lead to loss arising from irrecoverable trade receivables. The Group seeks to limit this credit risk through prudent management policies, continuous review and evaluation of the credit status of trade receivables and association with creditworthy business partners.

Fluctuation in foreign currency exchange rates

The Group is exposed to transactional currency risks through sales and purchases conducted in currencies other than its functional currency. A substantial portion of purchases is denominated in United States Dollar and Euro, while expenses and sales in Malaysia are primarily in Ringgit Malaysia. Expenses in foreign subsidiaries are typically in their respective local currencies. The Group has no formal hedging policy for our foreign exchange exposure. Instead, it adopts an ongoing monitoring approach to ensure that net exposures remain within acceptable levels.

Political, economic and regulatory risks

Political and economic conditions, and regulatory development in Malaysia and other countries could have a significant effect on the performance of our Group. These political, economic and regulatory uncertainties include risk of social unrest; changes in political leadership and government policies such as new regulations, custom duties, interest rates, tariffs and taxes.

The immediate risk of a change in government or a shift in government policies or regulations affects the Group's business due to delays in rollout of projects or delays in delivering the shipment. Although such disruptions may sometimes turn into opportunities for the Group; when projects delay, costs will escalate, and both revenue and profits will be affected.

Ability to secure new projects and customers

Our financial performance is closely tied to our ability to secure contracts in a timely manner, as our core business is primarily project-based. Although we were able to generate higher recurring income through new projects and increased maintenance services revenue in FYE 2023, we cannot guarantee the sustainability of our order book. Failure to maintain a strong order book would significantly affect our financial performance and future prospects. As a strategy to mitigate over-reliance on project-based revenue, the Group will focus on growing its recurring income sources, thereby promoting sustainable growth.

6. DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy or payout ratio. However, the Board will take into consideration a number of factors including the availability of adequate distributable reserves and cash flow, our operating cash flow requirements and financing commitments, our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans, any material impact of tax laws and other regulatory requirements, and prior approval from our banks, if any is required.

The Board does not recommend the payment of any dividend in respect of FYE 2023.

PROFILE OF DIRECTORS



CLIFTON HEATH FERNANDEZ

Independent Non-Executive Chairman

Malaysian | Male | Age 52

Date of appointment:
2 February 2018

Board attendance in FYE 2023:
5/5

Membership of Board Committees:
Chairman of Risk Management Committee
Member of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Qualification:
He is a fellow of the Chartered Certified Accountant (ACCA, UK). He holds a Chartered Accountancy and a Diploma in Management from The Malaysian Institute of Management (AMIM) and is a Certified Management System, Lead Auditor for ISO 9001 / 45001/ 14001 etc. He is also a Chartered Internal Auditor, IIA, C.A (M), Asean CPA and a member of Chartered Quality Institute, UK and INSOL International.

Working Experience:

He is currently the Training and Certification Director of UNICERT International Sdn. Bhd. His career has encompassed a spectrum of industries, involving standards and improvement in projects, compliance, quality, financial, auditing, education, human resources and credit control. He conducts training, certification audit & placement consultancy for clients in Southeast Asia region.

He also acts as an independent reviewer and evaluation body to ensure that compliance issues/concerns with organisations are being appropriately evaluated, investigated and resolved.

Present Directorship in Public Company and Listed Entity:
Analabs Resources Berhad

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offenses within the last five (5) years other than traffic offenses, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



SHIREEN CHIA YIN TING

Independent Non-Executive Director

Malaysian | Female | Age 50

Date of appointment:
2 February 2018

Board attendance in FYE 2023:
5/5

Membership of Board Committees:
Chairperson of Audit Committee
Chairperson of Remuneration Committee
Member of Risk Management Committee
Member of Nomination Committee

Qualification:
She graduated in 1996 from Middlesex University, United Kingdom and she was certified as a Chartered Accountant by the Malaysian Institute of Accountants.

Working Experience:

Pioneer of AirAsia Group and Myairline with extensive startups and business transformation experience. Results driven and strategic minded professional with 28 years track record of successfully establishing and leading start-up to re-engineering of operations and commercial aspect of an organisation. Focused approach in maximising revenue, cost efficiency, improves customer experience, and enhance the value of the brand.

Present Directorship in Public Company and Listed Entity:
Catcha Digital Berhad

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS

(CONT'D)



DATO' NG WAN PENG
Independent Non-Executive Director

Malaysian | Female | Age 61

Date of appointment:
28 May 2021

Board attendance in FYE 2023:
5/5

Membership of Board Committees:
Chairperson of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee
Member of Risk Management Committee

Qualification:
She graduated with a Bachelor of Computer Science from Universiti Sains Malaysia, she also has attended Senior Executive Leadership Program at Harvard Business School.

Working Experience:

Dato' Ng is a competent leader and highly motivated professional with more than 30 successful years in the corporate and GIC environment. Dato' Ng adopts results driven approach to planning and implementing comprehensive strategies in support of business goals and objectives.

Dato' Ng was the Chief Operation Officer of Malaysia Digital Economy Corporation.

Present Directorship in Public Company and Listed Entity:

Hong Leong Assurance Berhad
F&N Holdings Berhad
IRIS Corporation Berhad
Autocount Dotcom Berhad

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



LAW SEEH KEY

Non-Independent Executive Director/
Co-Founder/Chief Executive Officer

Malaysian | Male | Age 52

Date of appointment:
2 February 2018

Board attendance in FYE 2023:
5/5

Membership of Board Committees:
None

He is accountable for its overall strategic direction and oversees business development activities, particularly on significant projects and partnerships. In addition, he assumes the responsibility of identifying, examining, and assessing potential investment opportunities. With more than 20 years of experience in the ICT and digital security industry, he has a wealth of knowledge and expertise in this field.

Qualification:

He graduated with a degree in Bachelor of Science in Information System from Campbell University, North Carolina, United States of America in July 1996.

Working Experience:

He began his career with IBI Systems (M) Sdn. Bhd. in October 1996 as a Business Development Manager. He was responsible for setting up and managing computer retail chain outlets as well as leading the company's sales division. In February 2001, he left IBI System (M) Sdn. Bhd. and co-founded Softkey Malaysia, where he was responsible for leading and managing its overall business operations and strategic direction.

In January 2007, he co-founded Securemetric Malaysia and assumed the role of Chief Executive Officer.

Present Directorship in Public Company and Listed Entity:

None

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- He directly holds 175,675,210 ordinary shares, representing 30.44% equity interest in the Company.

PROFILE OF DIRECTORS (CONT'D)



YONG KIM FUI

Non-Independent Executive Director/
Chief Financial Officer

Malaysian | Male | Age 52

Date of appointment:
2 February 2018

Board attendance in FYE 2023:
5/5

Membership of Board Committees:
Member of Risk Management Committee

He is responsible for planning, implementing, managing and overseeing financial and compliance management, as well as human resources oversight and related activities for the Group. Additionally, he plays a leading role in identifying, evaluating, and assessing potential investment opportunities. Moreover, he is accountable for the strategic planning and execution of various fundraising initiatives.

Qualification:

He graduated in 1996 from the University of Southern Queensland and is a registered member of the Malaysian Institute of Accountant. He is also a Certified Practising Accountant (CPA) in Australia.

Working Experience:

He began his career in accounting practice with Coopers & Lybrand (now known as PricewaterhouseCoopers) as auditor specialising in the financial and manufacturing sectors. During his tenure, he was exposed to transactions involving review of profit and cashflow forecast for corporate restructuring, tax investigation and review of financial statements for debt facilities and bonds.

Having garnered enough experience and expertise, he subsequently founded a company rendered accounting, taxation and advisory services targeting mainly SMEs to assist and support their growth. In December 2016, he left the company and joined Securemetric Malaysia as Chief Financial Officer overseeing the financial preparation process and issuance of financial information, tax, budgeting and capital planning, implementation of standard operating procedure for the finance division, and the implementation of ISO 9001, ISO 10002 and ISO 27001 for Securemetric Group. He was involved in assisting our Group to obtain a grant from the Ministry of Science, Technology and Innovation, fully in charge of Securemetric's listing exercise and successfully listed Securemetric in the ACE Market of Bursa Malaysia Securities Berhad. He successfully identified investors and facilitated the fundraising exercise.

Present Directorship in Public Company and Listed Entity:

Synergy House Berhad

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- He directly holds 6,886,200 ordinary shares, representing 1.19% equity interest in the Company.

PROFILE OF KEY SENIOR MANAGEMENT

NIOO YU SIONG

Chief Operating Officer

Malaysian | Male | Age 50

Date of appointment:
17 January 2007

Membership of Board Committees:
Member of Risk Management Committee

He is responsible for our internal operations, including production planning, procurement, inventory management and logistics.

Qualification:
He graduated with a Diploma in Computer Engineering from Institut Teknologi Pertama, Kuala Lumpur in December 1995.

Working Experience:
He began his career with Computer Zone Sdn. Bhd. in May 1996, as a computer technician responsible for the assembly and repair of computers. In March 1997, he left Computer Zone Sdn. Bhd. to join PC Partners (Johor) Sdn. Bhd., a subsidiary of IBI Systems, as an Assistant Technical Manager. He led technical teams to provide on-site maintenance service, repair and assembly of new computers as well as the set-up of cybercafés through the provision of computer, network cabling and management systems. In April 2000, he left PC Partners (Johor) Sdn. Bhd. to join IBI Systems (M) Sdn. Bhd. as the Technical Manager responsible for overseeing technical teams located at company headquarters and branches. In March 2003, he left IBI Systems (M) Sdn. Bhd. to join Softkey Malaysia as Operations Manager responsible for overall internal operations.

In January 2007, he co-founded Securemetric Malaysia and assumed the position of Chief Operating Officer.

Present Directorship in Public Company and Listed Entity:
None

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- He directly holds 23,175,790 ordinary shares, representing 4.02% equity interest in the Company.

PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)

YEE WEN BIAU

Vice President of Engineering

Malaysian | Male | Age 41

Date of appointment:

22 March 2010

He is responsible for our overall product and project development from planning, development of products and solutions, testing, installation and implementation.

Qualification:

He graduated with a Bachelor of Science in Computing from Staffordshire University, England in April 2005. In March 2011, he received his qualification and was admitted as a member under EC-Council Certified Secure Programmer from EC-Council and in November 2015, he received his certification for completing the Certified Information System Security Professional course conducted by AKATI Consulting (M) Sdn. Bhd.

Working Experience:

He started his career with Dayhol Sdn. Bhd. as a System Engineer in April 2005. He was responsible for software development, network maintenance and system support. In February 2006, he joined Chung Ching Middle School as an IT technician and Computer Teacher. He left in October 2006 to join Mach Telecommunications Systems Sdn. Bhd. as a Software Engineer. In February 2010, he left Mach Telecommunications Systems Sdn. Bhd. to join Securemetric Malaysia as a Senior Software Engineer. He was responsible for system analysis and design, system development, hardware integration with HSM and PKI tokens, and setup and maintenance of PKI systems. In January 2014, he was promoted to Software Development Manager and was subsequently promoted to our Group's Vice President of Engineering in January 2017.

Present Directorship in Public Company and Listed Entity:

None

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

MOHD AFFENDI BIN ABDUL RAZAK

Vice President of Sales (Pre-Sales)

Malaysian | Male | Age 50

Date of appointment:
3 August 2015

He is responsible for our Group's overall pre-sales, supervising the pre-sales team, engagement with the customers and interpretation of customer needs and derivation of advice for prospective products that are aligned with the customers' demands. Additionally, he is also in charge of providing technical advice to the Business Development Account Management team as part of the sales cycle.

Qualification:

He graduated with a Bachelor of Science in Computer Engineering from the University of Hartford, Connecticut, USA in January 2000.

Working Experience:

In May 2000, he joined MSCTrustgate.com Sdn. Bhd. as a PKI Consultant where he was responsible in providing technical consultancies focusing in PKI technology and cryptography solution. In November 2006, he was promoted to Head of Technical and was responsible for managing the technical, operation and project development team. In January 2010, he was promoted to Chief Technology Officer where his responsibilities include conducting research, developing strategies and plans to identify new project development. He was also tasked with ensuring effective internal communication with the sales, operation and project development team.

In May 2015, he left MSCTrustgate.com Sdn. Bhd. and took up freelance jobs such as preparing technical proposals and providing technical advices before joining Securemetric Malaysia in August 2015 as Vice President of Project Sales. On 1 January 2019, he was re-designated to become Vice President of Sales (Pre-sales).

Present Directorship in Public Company and Listed Entity:
None

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)

YEN CHEE KHAN

Vice President of Sales

Malaysian | Male | Age 44

Date of appointment:

17 January 2007

He is responsible for the strategic planning and coordination with each country's managers and team members for the sales of our Group's products, as well as sourcing for new products.

Qualification:

He graduated with a Diploma in Commerce and Administration Majoring in Accounting from New Era College, Malaysia in December 2002.

Working Experience:

In March 2003, he joined Ye Chiu Metal Smelting Berhad as a Management Trainee in the Product Sourcing Department where he assisted in sourcing for raw materials.

In September 2003, he left Ye Chiu Metal Smelting Berhad and joined Softkey Malaysia as an Assistant Product Manager where he was responsible for the sales and marketing of ICT security products and coordinating with branches for stocks and technical specification requirement gathering. In August 2006, he was promoted to become a Senior Product Manager responsible for leading and managing the product sales team to market and distribute ICT security products as well as to take charge of product sourcing. In January 2008, he joined Securemetric Malaysia to lead the Malaysian product sales team and coordinate with each branch's country manager to facilitate product sales. In January 2011, he was promoted to become our Vice President of Product Sales. On 1 January 2019, he was re-designated to become Vice President of Sales.

Present Directorship in Public Company and Listed Entity:

None

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

TAN YU WIN

Vice President of Project Management and Support

Malaysian | Male | Age 45

Date of appointment:
15 January 2014

He is responsible for our Group's project deliveries and post-sales customer service.

Qualification:

He graduated with a Bachelor of Science (Communication and Information Technology) from Edith Cowan University, Western Australia in October 2003.

Working Experience:

In April 2001, he joined MSCTrustgate.com Sdn. Bhd. as a Software Developer responsible for the analysis, design and development of systems. He implemented an alternative CA system for the company using EJBCA software which allowed the company to target new markets segments. In May 2008, he joined SignCharge Sdn. Bhd. as Vice President of Technology responsible for assisting the company to adopt mobile PKI technology as its core business offering in Malaysia.

In January 2011, he joined SignCharge Ltd (parent company of SignCharge Sdn. Bhd.) and was based in Beijing, China for 2 years as Chief Technology Officer responsible for the adaptation, integration and implementation of mobile PKI technology for telecommunication companies in Hong Kong, Macau and China.

In January 2014, he joined Securemetric Malaysia as Vice President of Project Management and Support. In the same year, he obtained a certification for Project Management Professional from Project Management Institute, USA and Project Leadership from PIKOM, Malaysia. Besides overseeing the project management team, he also personally pitched and won 4 overseas PKI projects for our Group.

Present Directorship in Public Company and Listed Entity:
None

Declaration:

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement ("Statement") highlights the Group's activities, practices and achievements of its sustainable development and social responsibility in the environmental, social and governance ("ESG") areas for FYE 2023.

SCOPE OF THE STATEMENT

This Statement covers the Group and discloses information about our major business activities, which comprises the provision of digital security solutions as well as trading of electronic identification products and other related services. It covers the sustainability performance of our significant operations for the FYE 2023.

REPORTING PERIOD AND STANDARD

The reporting period is the same as that of the financial year of the Group (1 January 2023 to 31 December 2023) and will be published on an annual basis in accordance with ACE LR from Bursa Securities.

GLOBAL REPORTING INITIATIVE STANDARD

This statement was prepared in adherence to the "Core" reporting requirements of the Global Reporting Initiative ("GRI") Standards, which are the most widely adopted and globally recognised sustainability reporting guidelines. A GRI Index located at the end of the statement indicates the location of the relevant disclosures.

INDEPENDENT ASSURANCE

The ESG performance data presented in this statement have been primarily sourced from the Group's internal information systems and original records to ensure their accuracy. The Group did not seek external assurance for this sustainability statement but instead relied on the Board oversight to ensure the accuracy of the data.

COMMITMENT TO SUSTAINABILITY

We strive to achieve ongoing growth and profitability in a secure, compassionate, and sustainable environment. Sustainability has always been a core component of our company culture, and we acknowledge that sustainable practices are crucial factors in investors' investment decisions.

The Group's sustainability procedures are in conformity with Bursa Securities's *Sustainability Reporting Guide (3rd Edition)*, which states that ESG risks and opportunities must be linked to our governance framework and social obligations. This enables the public to assess and evaluate our corporate achievements and behaviour.

The Board places great importance on sustainability as a core value and recognises its impact on investors' decisions. As a socially responsible Group, we prioritise the well-being of our stakeholders while being mindful of our environmental impact. Upholding high ethical standards and procedures in contributing to the communities positively where we operate are essential to our business practices. We are dedicated to integrating ESG considerations across the Group and promoting sustainable practices in all facets of our operations. We recognise that sustainability is an ongoing effort and are dedicated to continuous improvement and innovation to reduce our negative environmental impacts and increase our positive contributions to society.

SUSTAINABILITY STATEMENT (CONT'D)

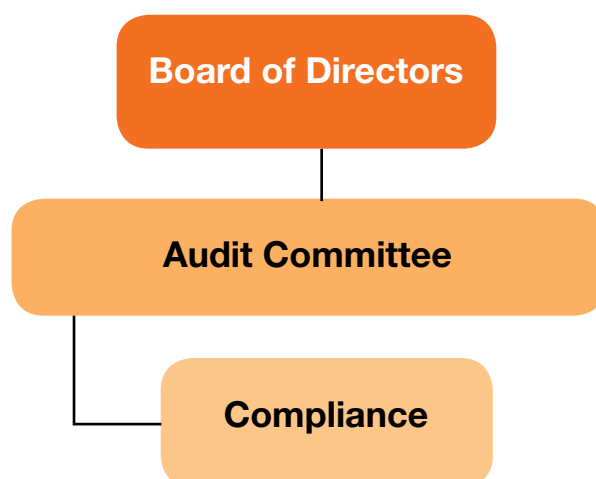
SUSTAINABLE DEVELOPMENT GOALS

The Company understands the context of its desired impact and its role in the greater global effort for its specific impact area. This year we also align with United Nations Sustainable Development Goals (“UN SDGs”):



GOVERNANCE STRUCTURE

As part of the Group’s commitment towards sustainability, we have established a clear governance structure to ensure compliance and performance. The Group’s sustainability governance structure is as follows:



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a crucial element in communicating our sustainability priorities. Engaging with stakeholders enables us to gain a more complete understanding of our materiality issues and concerns, and to capture the key aspects and impacts of our sustainability journey.

During the FYE 2023, we conducted our first ESG awareness training and subsequently presented our ESG roadmap to the Board and Audit Committee.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which the Group engages them.

Stakeholders	Areas of Interest	Engagement Method
Shareholders	<ul style="list-style-type: none"> Financial and operational performance Return on investment 	<ul style="list-style-type: none"> Annual & extraordinary meetings Quarterly reports Annual reports Company website Announcements and other disclosures through Bursa Link
Board of Directors	<ul style="list-style-type: none"> Corporate strategy Corporate governance 	<ul style="list-style-type: none"> Board meetings
Investors	<ul style="list-style-type: none"> Transparent, ethical, and sustainable business 	<ul style="list-style-type: none"> Analysts briefing
Customers	<ul style="list-style-type: none"> Customer satisfaction Data privacy Product responsibility Quality assurance 	<ul style="list-style-type: none"> Customers' satisfaction survey Launches/Marketing events Face-to-face interactions Customer support centre
Suppliers	<ul style="list-style-type: none"> Supplier performance review Forging strategic partnership 	<ul style="list-style-type: none"> Supplier survey New supplier evaluation Supplier periodical performance evaluation
Government and authorities	<ul style="list-style-type: none"> Compliance of law and regulations Standards and Certifications 	<ul style="list-style-type: none"> Compliance with government legislative and regulatory body framework E-mails/letters Dialogues with the authorities
Employees	<ul style="list-style-type: none"> Recognition, remuneration and benefits Career development and training Workplace health and safety Organisational updates Fair employment practices Financial and sustainability performance of the company 	<ul style="list-style-type: none"> Performance appraisal Training and Development Email communication Departmental meetings Employees engagement activities
Communities	<ul style="list-style-type: none"> Community events 	<ul style="list-style-type: none"> Social contribution Job opportunities

SUSTAINABILITY STATEMENT (CONT'D)

RISK AND OPPORTUNITIES

The Board understands the importance of addressing sustainability risks and opportunities in an integrated and strategic manner to support the Group's long-term strategy and success. The Board proactively considers sustainability issues when overseeing the planning, performance, and long-term strategy of the Company, to ensure the Company remains resilient, can deliver durable and sustainable value as well as maintain the confidence of its stakeholders.

Type of risk	Related risk/opportunities	Risk response
Strategic	Growing investor interest in ESG issues (Diversity, health and safety, corporate governance and etc)	The Group strives to integrate critical ESG issues into its business operations and continually monitor progress.
Operational	Changing weather patterns and increased natural disaster disturbing operations and business continuity	The Group is aware of the rapid climate changes and their potential impact, we are taking proactive measures to ensure business continuity by elaborating a comprehensive disaster preparedness plan.
Compliance	Increase client/investor confidence with regards our products and services and business practice	The Group aims to build a strong reputation for our products, services, and business practices and to increase confidence among our clients and investors by adhering to ethical business practices.

MATERIALITY ASSESSMENT

A materiality assessment is an exercise to gauge what are the most noteworthy environmental, social, and governance issues that are material or important to the Group. Below is the assessment process.



The Board conducted a materiality assessment, collecting views from our stakeholders on key material sustainability matters that may have a significant ESG impact on our business or substantively influence the assessment and decisions of our stakeholders. The Board reviews material sustainability matters annually.

Applying materiality helps the Group to identify topics that are most important to act on statement to stakeholders. Through our stakeholder engagement and materiality assessment processes, and taking our operating environment into consideration, the following are the material matters identified for the financial year under review, which are reported based on environmental, social and governance pillars.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)



Environmental

(Cultivating sustainability for a better tomorrow)

- Resource management
- Energy consumptions
- Emission management



Social

(Creating positive societal impacts)

- Employment
- Diversity and inclusion
- Training and education
- Social contribution
- Occupational health and safety



Governance

(Building trust, enhance organisational resilience and long-term success)

- Corporate governance
- Licensing (standards and certification)
- Supply chain and responsible sourcing



ENVIRONMENTAL

The Group is dedicated to environmental sustainability and aims to make responsible decisions that involve conserving and being good stewards of the environment. As a digital security solutions provider, our carbon footprint is limited to the energy and resources we consume within the office environment. In FYE 2023, there were no incidents of non-compliance or penalties related to environmental issues. The Board and management are committed to continuously reviewing and improving our current environmental management system and practices to ensure compliance with regulatory and customer requirements. Maintaining this unblemished record remains a top priority to the Group.

RESOURCE MANAGEMENT

The Group acknowledges the environmental impact of our consumption and is committed to reducing these effects through responsible resource management. Implementing resource-efficient practices not only benefits the environment but also improves cost-effectiveness for the Group. We encourage the adoption of digital technologies to reduce businesses' carbon footprints.

a. Digital transformation

Digital transformation has the potential to revolutionise environmental sustainability. The Group has implemented digital workflows into our business processes and is using our in-house developed solution "SigningCloud" for digital signing on most of our business documents to enhance both efficiency and sustainability. The improvements and digitalisation in our internal processes directly reduce paper usage, which can significantly reduce our environmental impact and promote sustainability.

SUSTAINABILITY STATEMENT (CONT'D)

RESOURCE MANAGEMENT (CONT'D)

b. Data protection and cyber security

Data protection and cyber security are important components of environmental sustainability, and this objective is achieved by being certified for ISO 27001:2013. The Group recognises that maintaining the highest standard of data security and privacy is imperative to our stakeholders. Thus, we are dedicated to ensuring the data stored across our systems, databases, and networks is being adequately safeguarded.

Together with all our employees, our Management Information System ("MIS") team, which is responsible for overseeing, implementing, and maintaining various systems, is required to sign a Non-Disclosure Agreement ("NDA") to ensure all confidential information is not disclosed to any personnel who do not have the authorisation to view or access the said confidential information. Additionally, our data management is governed through MIS policies and procedures such as password, email, and internet policy, with other safeguarding measures in place to protect the confidential information stored in the information technology system.

ENERGY CONSUMPTIONS

The Group acknowledges the global concern about climate change driven by increasing energy usage and understands the importance of using energy efficiently to address it. We are committed to continually monitoring our efforts to demonstrate our dedication to sustainability.

Our daily office activities contribute to this energy consumption. We support the use of energy-efficient appliances and lighting fixtures that consume less power. Additionally, we encourage our employees to promptly turn off any unnecessary energy sources, especially when they are not in use.

EMISSIONS MANAGEMENT

As the Groups embarking on ESG initiatives, it is crucial for us to monitor our carbon footprint and by disclosing Scope 3 emissions in Categories 6 (Business Travel) and 7 (Employee Commuting). This approach aligns with the Green House Gas (GHG) Protocol Scope 3 Calculation Guidance (2013). Emission, CO₂e (kg) = Distance x Emissions factor of vehicle.

The adoption of this distance-based methodology aims to ensure the disclosure is aligned with international and industry practices, improve result credibility and thus, provide better insights for all stakeholders.



The Group firmly believes that employees are the most important and valuable assets to the Group, forming the core competitive advantage of the Group. They are the main driving force behind the continuous innovation of the Group.

EMPLOYMENT

Our employees are one of our most valuable assets. The Group believes in and is committed to implementing fair employment practices, upholding human rights principles, and investing in developing and training of our people. As of 31 December 2023, we have a total of 154 employees.

We strive to foster an inclusive and performance driven work environment to attract, retain and develop our talents. As an equal opportunity employer, the Group has instituted a fair system to ensure equal opportunities and non-preferential treatment for all employees. There is no preference or prejudice towards religion, age, ethnicity, any physical disability, or gender. Employees are required to observe and adhere to all relevant policies and practices. The Group makes a conscious effort to maintain diversity in the middle management, to generate creativity and innovation and improve the organisation's culture.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYMENT (CONT'D)

There were no reported incidents of discrimination raised by our employees in FYE 2023.

The Group continuously committed to providing employees with a workplace that is healthy, safe, and secure. Across all our business segments, no workplace grievance cases were reported in FYE 2023.

a. Employee remuneration and benefit

The Group recognises the valuable contribution of all employees and strongly believes in fair remuneration, setting packages that are competitive and sufficient to attract, retain, and motivate personnel. When setting remuneration packages, the Group considers regulatory requirements, salary, and employment conditions by benchmarking against companies within the same industry. In addition to the competitive remuneration offered, we continue to maintain our list of employee benefits for our full-time employees, which include but are not limited to the following:

Employment Benefits	Descriptions
Life insurance	Our group life insurance is covered for permanent disability and death.
Medical benefits	Employees are reimbursed for visits to the General Practitioners.
Maternity leave	Eligible female employees are entitled to maternity leave when applicable.

The Group is fully compliant with local labour regulations across our operations, as well as minimum wage laws, where such laws exist. Being in the industry, we are dedicated to constantly reviewing our employment policies, benefits, and remuneration practices to ensure compliance with updated employment laws and to keep up with the best industry practices, to provide optimal working conditions for our people.

b. Performance and career development review

Performance career development review for all full-time employees should be performed during the annual performance appraisal process. This process allows two-way communication and engagement between supervisors and subordinates to assess the performance of the employee.

Upon completion of the appraisal process, consideration of career advancement such as promotion, quantum of salary increments, and annual variable bonus will be determined based on the performance appraisal results. Employees are assessed and remunerated fairly based on their experience, qualifications, and performance.

The Group shall continue to provide training and education opportunities through development programmes wherever applicable and promote a conducive corporate environment where everyone could achieve their potential.

DIVERSITY AND INCLUSION

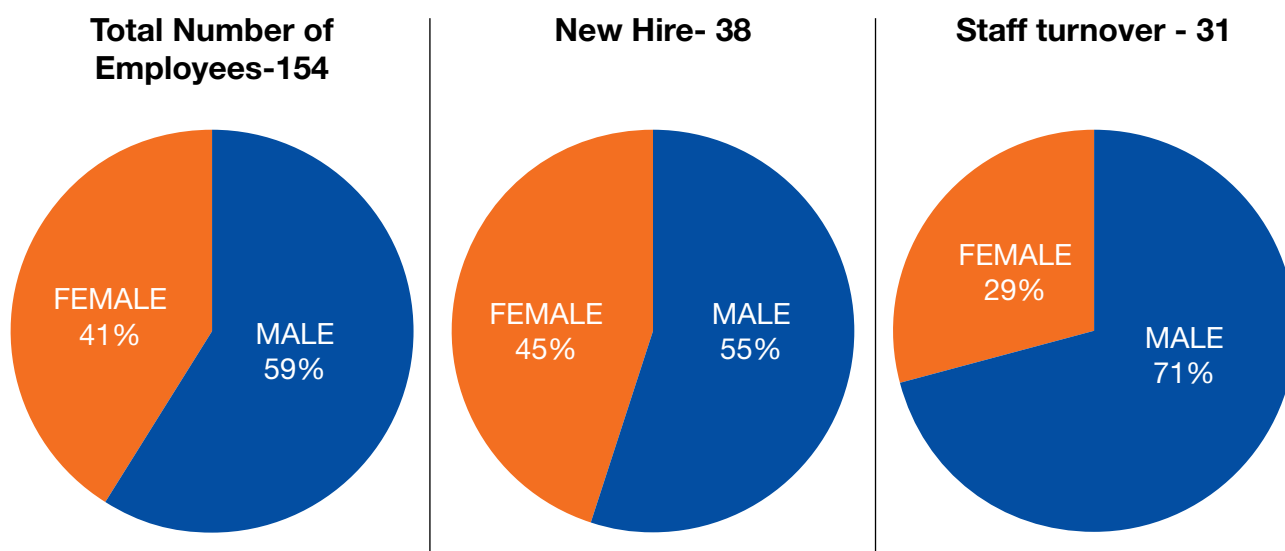
Diversity refers to the differences in workforce by gender, age, ethnicity, and disability. This measure is considered across the Board, from the Directors to the management and the rest of the workforce.

In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seeks to promote it regardless of religious belief, age, marital status, gender, family status, or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation, and all employment terms and conditions. Every employee is given an equal opportunity to rise in their careers through hard work and dedication.

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at FYE 2023, the total number of employees stood at 154 employees and interns. The following charts depict the composition of the Group's human capital in FYE 2023.

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY AND INCLUSION (CONT'D)



TRAINING AND EDUCATION

The Group's human capital is developed and strengthened through investment in our people. Continuous training and professional development programmes have helped to boost the technical knowledge and soft skills of our employees, positioning them in good stead to elevate the performance standard quality, which is necessary for the Group to meet the ever-changing needs of our customers. The Group is committed in developing staff to achieve their best and maximise their potential. The Group reviews the adequacy and suitability of the training requirements of the staff on a regular basis.

In addition to on-the-job and ad-hoc trainings, the Group also provides various learning and development opportunities for employees to enhance their skills and competencies. The Group also supports and encourages employees to pursue further education and professional qualifications relevant to their roles. We believe in investing in our employees' personal and professional development as it not only benefits them but also contributes to the overall success of our business.

The Group is committed to allocate budget and plan skills upgrading to equip employees to meet strategic targets of the Group. We believe that more skilled employees enhance the Group's human capital and contribute to employees' satisfaction, which will then enhance overall performance.

In FYE 2023, employees in the Group have completed total 866 hours of training with average – 5.62 hours per employees.

SOCIAL CONTRIBUTION

The Group continues to extend our values and contribution to the communities where we operate through partnering with a local university to offer an extensive internship program.

It helps to develop a skilled workforce, fosters innovation, and contributes to the overall economic and social development of the community. In FYE 2023, we offered an internship program to a total of 15 interns.

OCCUPATIONAL HEALTH AND SAFETY

Safety is an integral part of our business, and a key focus area for our Board and management. We take pride in building a safe, conducive, and healthy work life balance workplace as our commitment to developing our people.

In FYE 2023, there were no incidents of fatalities across the Group. The Group strives to continue maintaining its health and safety standards and seeks continuous improvement through our weekly badminton activity. Additionally, the Groups participates in fire drill training conducted as part of our annual safety exercise.

Moving forward, to enhance the effectiveness of the workplace safety supervision, the Group plans to introduce more health plan and activities to foster a safe and healthy environment for all employees.

SUSTAINABILITY STATEMENT (CONT'D)



GOVERNANCE

CORPORATE GOVERNANCE

The Group conducts business responsibly and fairly, adhering to the long-standing business philosophy of providing our customers with the highest quality at the most competitive price. The Group upholds the principles of corporate governance, the Code of Ethics and compliance and adheres to anti-bribery and corruption practices. Corporate governance is incorporated into our Group's working culture to ensure sustainability. We have an anti-bribery and corruption policy and whistle blower policy in place.

Other preventive and control actions against corruption, such as dedicated training for all employees is implemented to ensure the proper functioning of the Group. Training is also included in the induction of new employees. During the financial year, the Company has conducted anti-bribery and corruption policy training and no instances, or complaints of suspected corrupt or unethical behaviour were reported to us. It is the Group's goal to maintain zero tolerance for corruption.

Please refer to the Corporate Governance Overview Statement section in this Annual Report for more information.

LICENSING (STANDARDS AND CERTIFICATION)

CERTIFICATIONS	COMPANY
ISO 9001:2015 Quality management system	<ul style="list-style-type: none"> Securemetric Malaysia, Securemetric Philippines, Securemetric Indonesia and Securemetric Vietnam
ISO 10002:2018 Customer complaint handling	
ISO 27001:2013 Information security management system	<ul style="list-style-type: none"> Signing Cloud Malaysia
ISO 9001:2015 Quality management system	
Product certification (SIRIM) for wireless card reader	<ul style="list-style-type: none"> Securemetric Malaysia

SUPPLY CHAIN AND RESPONSIBLE SOURCING

The Group firmly believes that its suppliers and subcontractors are key business partners that can create a positive economic impact, thereby enhancing stakeholder returns. To this end, the Group maintains a stringent vendor selection process that considers vendors' past track records and adherence to occupational health and safety standards.

We have also developed procurement policies and guidelines, such as:

- Quality policy and procedures in selecting and evaluating vendors; and
- Personal Data Protection Notice for customer/suppliers.

As the Group operating in highly specialised niche, our expenditure on local suppliers is yet to be included in this FYE 2023 statement. However, we will continue to remain fully committed to responsible procurement while generating positive economic and social benefits for the local community in which we operate.

SUSTAINABILITY STATEMENT (CONT'D)

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This statement has been prepared in accordance with the GRI Standards: Core option.

Category	Disclosure	Description	Page Reference and Remarks
GRI 102: General Disclosures	102-1 *	Name of the organisation	Cover page
	102-2 *	Activities, brands, products, and services	Overview of The Group's Businesses and Operations (Page 9)
	102-3 *	Location of headquarters	L5-E-6, Hive 5 Taman Teknologi Mranti, Lebuhraya Puchong - Sg Besi, Bukit Jalil, 57000 Kuala Lumpur
	102-4 *	Location of operations	Notes to the Financial Statements (Page 82 - 142)
	102-5 *	Ownership and legal form	Notes to the Financial Statements (Page 82 - 142)
	102-6 *	Markets served	Notes to the Financial Statements (Page 82 - 142)
	102-7 *	Scale of the organisation	Corporate Structure (Page 4)
	102-8 *	Information on employees and other workers	Social (Page 28 - 30)
	102-9 *	Supply chain	Governance (Page 31)
	102-10 *	Significant changes to the organisation and its supply chain	No significant changes
	102-11 *	Precautionary principle or approach	Vision, Mission, and Value (Page 2)
	102-12 *	External initiatives	Sustainable Development Goals (Page 24)
	102-13 *	Membership of associations	Securemetric Malaysia is a member of the following associations: <ul style="list-style-type: none"> Persatuan Industri Komputer dan Multimedia Malaysia (PIKOM) Associate membership FIDO Alliance, Inc.
GRI 102: Strategy	102-14 *	Statement from senior decision-maker	Chairman's Statement (Page 7 - 8)
GRI 102: Ethics and Integrity	102-16 *	Values, principles, standards, and norms of behaviour	Vision, Mission and Value (Page 2)
GRI 102: Governance	102-18 *	Governance structure	Governance Structure (Page 24)

SUSTAINABILITY STATEMENT (CONT'D)

Category	Disclosure	Description	Page Reference and Remarks
GRI 102: Stakeholder engagement	102-40 *	List of stakeholder groups	Stakeholder Engagement (Page 25)
	102-41 *	Collective bargaining agreements	None
	102-42*	Identifying and selecting stakeholders	Stakeholder Engagement (Page 25)
	102-43 *	Approach to stakeholder engagement	Stakeholder Engagement (Page 25)
	102-44 *	Key topics and concerns raised	Materiality Assessment (Page 26 - 27)
GRI 102: Reporting practice	102-45 *	Entities included in the consolidated financial statements	Corporate Structure (Page 4)
	102-46 *	Defining statement content and topic Boundaries	Scope of the Statement (Page 23)
	102-47 *	List of material topics	Materiality Assessment (Page 26 - 27)
	102-48*	Restatements of information	Information from prior reports has not been restated.
	102-49 *	Changes in reporting	Update the Sustainability Statement using GRI Standards. No significant changes from previous reporting periods in the list of material topics and topic boundaries.
	102-50 *	Reporting period	Reporting Period and Standard (Page 23)
	102-51 *	Date of most recent statement	FYE 2022 Sustainability Statement
	102-52 *	Reporting cycle	Reporting Period and Standard (Page 23)
	102-53 *	Contact point for questions regarding the statement	Contact us @ ir@securemetric.com
	102-54 *	Claims of reporting in accordance with the GRI Standards	Core option
GRI 102: Reporting practice	102-55 *	GRI content index	GRI content index (Page 32-34)
	102-56 *	External assurance	The Group has not sought external assurance for this sustainability statement.

SUSTAINABILITY STATEMENT (CONT'D)

Category	Disclosure	Description	Page Reference and Remarks
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Governance (Page 31)
GRI 307: Environmental Compliance	DMA	Management approach disclosures	Environmental (Page 27 - 28)
	307-1	Non-compliance with environmental laws and regulations	Environmental (Page 27 - 28)
GRI 401: Employment	DMA	Management approach disclosures	Social (Page 28 - 30)
	401-1	New employee hires and employee turnover	Social (Page 28 - 30)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social (Page 28 - 30)
	401-3	Parental leave	Social (Page 28 - 30)
GRI 403: Occupational Health and Safety	DMA	Management approach disclosures	Social (Page 28 - 30)
	403-1	Occupational Health and Safety Management System	Social (Page 28 - 30)
	403-9	Work-related injuries	Social (Page 28 - 30)
GRI 404: Training and Education	DMA	Management approach disclosures	Social (Page 28 - 30)
	404-1	Average hours of training per year per employee	Social (Page 28 - 30)
	404-2	Programs for upgrading employee skills and transition assistance programmes	Social (Page 28 - 30)
	404-3	Percentage of employees receiving regular performance and career development reviews	Social (Page 28 - 30)
GRI 205: Anti-corruption	DMA	Management approach disclosures	Governance (Page 31)
	205-3	Confirmed incidents of corruption and actions taken	Governance (Page 31)

SUSTAINABILITY STATEMENT (CONT'D)

RELATIONSHIP WITH UN SDG

Sustainability Development Goals	Detailed Information
 <p>1 NO POVERTY</p>	<p>No Poverty</p> <p>Economic growth and job creation</p>
 <p>2 ZERO HUNGER</p>	<p>Zero Hunger</p> <p>Our pantry is equipped with a variety of essentials food</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Good Health and Well-being</p> <p>To ensures healthy lives and promote well-being for all at all ages</p>
 <p>4 QUALITY EDUCATION</p>	<p>Quality Education</p> <p>Training and development for staff</p>
 <p>5 GENDER EQUALITY</p>	<p>Gender Equality</p> <p>No employment discrimination policy</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Clean Water and Sanitation</p> <p>Workplace sanitisation protocols is implemented, and air purifier being installed</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Affordable and Clean Energy</p> <p>Using at least 4-star electrical appliances in the company</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent Work and Economic Growth</p> <p>Youth employment program</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, Innovation and Infrastructure</p> <p>Provision of digital solution provided as business service</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Reduced Inequalities</p> <p>Workplace is without bias</p>

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Development Goals	Detailed Information
	<p>Sustainable Cities and Communities</p> <p>Stakeholder engagement</p>
	<p>Responsible Consumption and Production</p> <p>Promise to deliver of quality, safety services</p>
	<p>Climate Action</p> <p>Reduce CO2 emission</p>
	<p>Life Below Water</p> <p>Install drinking water purifier in workplace</p>
	<p>Life On Land</p> <ul style="list-style-type: none"> • Build a small garden in workplace • We have incorporated indoor plants into our office decoration
	<p>Peace, Justice and Strong Institutions</p> <p>Providing fair and impartial support for all sorts of workers' complaints</p>
	<p>Partnerships for the Goals</p> <p>Sustainability statement initiative</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Securemetric is committed to uphold the high standards of corporate governance throughout the Group with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This corporate governance overview statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise.

Details of the Group’s application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group’s website at <https://www.securemetric.com/corporate-governance/>.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for the oversight and overall management of the Company and has developed corporate objectives and position descriptions including the limits to management’s responsibilities, which the management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The principal roles and responsibilities assumed by the Board are as follows:

- (a) Reviewing and providing guidance on the Company’s and the Group’s annual budgets, development of risk policies, major capital expenditures, acquisitions and disposals;
- (b) Monitoring corporate performance and the conduct of the Group’s business and to ensure compliance with best practices and principles of corporate governance;
- (c) Identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Risk Management Committee;
- (d) Reviewing and ensuring the adequacy and soundness of the Group’s financial system, internal control systems and management information system and that they are in compliance with the applicable standards, laws and regulations;
- (e) Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Independent Non-Executive Directors bring independent judgment in the decision making process;
- (f) Ensuring a proper succession plan is in place;
- (g) Monitoring major litigation;
- (h) Approving all financial reports to be published and related stock exchange announcements;
- (i) Monitoring other material reporting and external communications by the Group;
- (j) Approving the dividend policy and payment of dividends;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

- (k) Appointing external auditors (subject to shareholders' approval); and
- (l) Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company's and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board had appropriately delegated specific tasks to four (4) Board Committees; namely Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own Terms of Reference and has the authority to act on behalf of the Board within the authority as lay out in the Terms of Reference and to report to the board with the necessary recommendation.

To ensure balance of power and authority, accountability and independent decision making, the roles of the Chairman and the Chief Executive Officer are distinct and separated.

The Chairman, Mr. Clifton Heath Fernandez is responsible for leadership, ensuring effective functioning of the Board and providing oversight over the operations of the Group.

The Chief Executive Officer, Mr. Law Seeh Key supported by the management, is responsible for the day-to-day management of the operations of the Group, implementation of the Group's policies, business direction and development of the Group.

The Company has formalised and adopted a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter is accessible through the Company's website at <https://www.securemetric.com/corporate-governance/> and will be reviewed annually to ensure it remains consistent with the Board's objectives, responsibilities and practices.

Conducting our business with the highest standards of ethics is essential to the Company. The Board acknowledges its role in setting the "tone at the top" to embed this as the culture for the Group. To this end, the Board adopted and implemented a Code of Conduct and Ethics for Directors, management and employees of the Group. The Code of Conduct and the Code of Ethics are made available on the Company's website at <https://www.securemetric.com/corporate-governance/>. The Board has formalised a Whistle-Blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The details of the Whistle-Blowing Policy are available for reference at the Company's website at <https://www.securemetric.com/corporate-governance/>.

In addition to the Code of Conduct, the Company has further established the Anti-Corruption and Bribery Policy to comply with enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Anti-Corruption and Bribery Policy is to ensure that all Directors, management and employees are aware of their obligation to disclose and not to be involved in any corruption, bribes, conflict of interest or similar unethical acts that they may have in order to prevent the occurrence of bribery and corrupt practices in relation to the Group's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

The Anti-Corruption and Bribery Policy can be accessed through the Company's website at <https://www.securemetric.com/corporate-governance/>.

The Board has established and adopted the Fit and Proper Policy, with the aim to guide the Company's Nomination Committee and the Board in their review and assessment of candidates who are to be appointed onto the Board as well as directors who are seeking for re-election. The Fit and Proper Policy are made available on the Company's website at <https://www.securemetric.com/corporate-governance/>.

As part of the Group's commitment towards sustainability, the Board has established a clear governance structure to ensure compliance and performance. Please refer to the Sustainability Statement section of this Annual Report.

The Board is supported by qualified and competent Company Secretary who is responsible for ensuring that the Company's constitutions, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of her functions.

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Names of Directors	Attendance at meeting	Percentage of Attendance
Executive Directors		
Law Seeh Key	5/5	100%
Yong Kim Fui	5/5	100%
Non-Executive Directors		
Clifton Heath Fernandez	5/5	100%
Shireen Chia Yin Ting	5/5	100%
Dato' Ng Wan Peng	5/5	100%

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as Directors. Any Director appointed to the Board is required to complete the Mandatory Accreditation Program ("MAP") within four (4) months from the date of appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

Briefings, seminars, conferences, workshops, and others attended by the Directors of the Company during the FYE 2023 are summarised as stated below:-

Directors	Seminar / Conference / Workshop
Clifton Heath Fernandez	<ol style="list-style-type: none"> 1. GDPR and Data Protection: Ensure compliance and minimize the risk of penalties with ISO/IEC 27701 2. PECB DataSafe Symposium 2023 3. The Cooler Earth Sustainability Summit CIMB 4. Sustainability Report Awareness (ASAP Advisory Ltd) 5. Sustainability Report - Sustainable Development Goals (SDGs) (ASAP Advisory Ltd) 6. Integrated Reporting and GRI (ASAP Advisory Ltd) 7. Auditor Contractor's Quality Management System (CQMS) Course – CREAM 8. Islamic Sustainable Finance & Investment Forum (ISFI) 2023 -Securities Commission 9. The Emerging Trends Powering Connected Risk Teams – AuditBoard 10. Bridging The Sustainability Gap for SMEs - ESGAM
Dato' Ng Wan Peng	<ol style="list-style-type: none"> 1. Can America stop China's rise Will ASEAN be damaged? (FIDE Forum) 2. Briefing on ESG by PwC (Hong Leong Financial Group) 3. Cybersecurity & Digital Sustainability (FNHB – Mandiant, an America & Google, Virtual) 4. Anti-Bribery and Corruption Refresher (Hong Leong Financial Group) 5. Crisis Management & Negotiation (Asia School of Business) 6. Understanding the Cybersecurity Landscape (Asia School of Business) 7. Sustainability Report Awareness (ASAP Advisory Ltd) 8. Sustainability Report - Sustainable Development Goals (SDGs) (ASAP Advisory Ltd) 9. Integrated Reporting and GRI (ASAP Advisory Ltd) 10. Talk: AI and the Future of Work & Panel: Building the Digital Economy through Urban Rejuvenation (Asia School of Business) 11. AML/CFT & TFS: Evolving Challenges & Expectations in Regulatory Compliance (HLFG) 12. AOB's Conversation with Audit Committees (Securities Commission Malaysia's Audit Oversight Board) 13. PLCT Chairperson Masterclass: Leading the Change - Mastering Climate Action as a Chairperson - Managing Scope 3 Emissions (Bursa Malaysia)
Shireen Chia Yin Ting	<ol style="list-style-type: none"> 1. MIA International Accountants Conference 2023 - Future Fit Profession: Charting A Better Tomorrow 2. Sustainability Report Awareness (ASAP Advisory Ltd) 3. Sustainability Report - Sustainable Development Goals (SDGs) (ASAP Advisory Ltd) 4. Integrated Reporting and GRI (ASAP Advisory Ltd) 5. MIA Webinar Series: Business Continuity Management - Preparing for Unexpected and Disruptive Incidents
Law Seeh Key	<ol style="list-style-type: none"> 1. Sustainability Report Awareness (ASAP Advisory Ltd) 2. Sustainability Report - Sustainable Development Goals (SDGs) (ASAP Advisory Ltd) 3. Integrated Reporting and GRI (ASAP Advisory Ltd)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

Directors	Seminar / Conference / Workshop
Yong Kim Fui	<ol style="list-style-type: none"> 1. MIA International Accountants Conference 2023 - Future Fit Profession: Charting A Better Tomorrow 2. Sustainability Report Awareness (ASAP Advisory Ltd) 3. Sustainability Report - Sustainable Development Goals (SDGs) (ASAP Advisory Ltd) 4. Integrated Reporting and GRI (ASAP Advisory Ltd) 5. MIA Webinar Series: Business Continuity Management - Preparing for Unexpected and Disruptive Incidents

II. Board Composition

The Board currently consists of five (5) members, comprising the Independent Non-Executive Chairman, two (2) Executive Directors, and two (2) Independent Non-Executive Directors during the FYE 2023. The Independent Non-Executive Directors fulfilled the criteria of “Independence” as prescribed under the ACE LR. This complies with the ACE LR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

The Board acknowledges the call by the Government and MCCG for Boards to comprise at least 30% women on board. The Board composition currently comprises two (2) women Directors, representing 40% of the total number of board members.

The Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group’s business and operations.

The Board reviews and assesses the independence of directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company. During the financial year, a self-declaration was conducted at each Board meeting where all Directors declared the nature of their interest in the Company, whether direct or indirect, or any circumstance which may potentially affect their independence. The Board had also carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors had demonstrated independence in character and judgment and had always looked out for the best interest of the Company without fear or favor. The Independent Directors had provided independent view based on their experience and knowledge that allow for diverse and objectives perspectives on the Group’s business and direction. The Board believes that the length of service on the Board did not impair the objectivity of these Independent Directors. Moreover, the Independent Directors had made significant contributions to the Board in view of their enough breadth of understanding of the Group’s activities and corporate history that will continue to add value to the Board.

In accordance with the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment as Director. In the event the Board wishes to retain the independence status of an Independent Director who has served for more than nine (9) years, Board justification and shareholders’ approval are required. Two-tier voting process will be applied in the Annual General Meeting (“AGM”) for retaining any Independent Director serving beyond nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

As at the date of this statement, the term of service of the Independent Directors is less than nine (9) years.

The Board currently does not have a formal policy on its boardroom or gender diversity. The Board welcomes suitably and qualified female Director to come on the Board subject to the evaluation and assessment by the Nomination and Remuneration Committee following the criteria set by the MCCG and the ACE LR.

III. Remuneration

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Remuneration Committee.

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and Key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Terms of Reference which is available on the Company's website at <https://www.securemetric.com/corporate-governance/>.

During the financial year, the Remuneration Committee had carried out the following activities:

- (a) reviewed and assessed the performance and the remuneration package of the Executive Directors; and
- (b) reviewed and assessed the Directors' fees and benefits payable for the FYE 2023.

The composition and range of remuneration package received by the Directors during the financial year is as follows:

(i) Received from the Company

		Fees (RM)	Salaries & other emoluments (RM)	Bonuses (RM)	EPF, SOCSO & EIS (RM)	Benefit- in-Kind (RM)	Total (RM)
Executive Directors							
1.	Law Seeh Key	–	300	–	–	–	300
2.	Yong Kim Fui	–	300	–	–	–	300
Non-Executive Directors							
1.	Clifton Heath Fernandez	42,000	1,800	–	–	–	43,800
2.	Shireen Chia Yin Ting	36,000	1,800	–	–	–	37,800
3.	Dato' Ng Wan Peng	36,000	1,800	–	–	–	37,800
Total:		114,000	6,000	–	–	–	120,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. Remuneration (Cont'd)

(ii) Received from the Subsidiaries

		Fees (RM)	Salaries & other emoluments (RM)	Bonuses (RM)	EPF, SOCSSO & EIS (RM)	Benefit- in-Kind (RM)	Total (RM)
Executive Directors							
1.	Law Seeh Key	–	600,000	32,500	77,059	–	709,559
2.	Yong Kim Fui	–	420,000	22,750	54,289	15,000	512,039
Non-Executive Directors							
1.	Clifton Heath Fernandez	–	–	–	–	–	–
2.	Shireen Chia Yin Ting	–	–	–	–	–	–
3.	Dato' Ng Wan Peng	–	–	–	–	–	–
Total:		–	1,020,000	55,250	131,348	15,000	1,221,598

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises the following members:

Chairperson

Shireen Chia Yin Ting

Independent Non-Executive Director

Members

Clifton Heath Fernandez

Independent Non-Executive Chairman

Dato' Ng Wan Peng

Independent Non-Executive Director

The Chairperson of the Audit Committee is not the Chairman of the Board. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

The Audit Committee was established to assist the Board in ensuring the integrity of financial reporting and the existence of a sound internal control system within the Group. The Audit Committee also monitors compliance with established policies and procedures and assesses the suitability, objectivity and independence of both the external and internal audit functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Audit Committee (Cont'd)

In compliance of the Rule 15.12(1)(h) of the ACE LR of Bursa Securities, the Audit Committee reviews and reports to the Board on any related party transaction and conflict of interest situation that arose, persist or may arise within Securemetric or its subsidiaries including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors and the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

During the course of their audit, the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. Private meetings between them will be held twice during each financial year without the presence of the management and Executive Directors, to discuss any issues that may require the attention of the Audit Committee.

The full details of the role of the Audit Committee in relation to the External Auditors are set out in the Audit Committee Report section of this Annual Report.

II. Risk Management and Internal Control Framework

The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

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

I. Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

It has always been the Company's practice to maintain a good relationship with its shareholders. Major corporate developments and happenings have always been duly and promptly announced to all shareholders in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Company also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Bursa Securities's website and engagement through the investor relation function.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Conduct of General Meetings

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting. The notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time for them to consider the business to be discussed at the meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

The Audit Committee Chairperson, the Risk Management Committee Chairman, the Nomination Committee Chairperson and the Remuneration Committee Chairperson were being informed that questions relating to the Committee under their purview will be addressed by them accordingly.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

The Board of Directors is aware and in full support of effective shareholders' participation at the AGM. The minutes of AGM will be published at the Company's website no later than 30 business days after the general meeting.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 26 April 2024.

AUDIT COMMITTEE REPORT

The Board of the Company is pleased to present the Audit Committee (“AC”) Report to provide insights on the discharge of the AC’s function during the FYE 2023, in compliance with Rule 15.15 of the ACE LR of Bursa Securities.

COMPOSITION

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors.

The current composition of the AC is as follows:

Name	Designation	Directorate
Shireen Chia Yin Ting	Chairperson	Independent Non-Executive Director
Clifton Heath Fernandez	Member	Independent Non-Executive Chairman
Dato’ Ng Wan Peng	Member	Independent Non-Executive Director

The Chairperson of the AC, Ms. Shireen Chia Yin Ting is certified as a Chartered Accountant by the Malaysian Institute of Accountants.

The composition of the AC and the qualification of the members comply with Rule 15.09 (1) of the ACE LR of Bursa Securities.

TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the AC, covering its scope of duties and responsibilities, authority and other relevant matters, is made available on the Company’s website at <https://www.securemetric.com/corporate-governance/>.

The TOR of the AC was reviewed and revised and subsequently approved by the Board in November 2023.

MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year and will normally be attended by the Chief Financial Officer and other management, if necessary. The presence of external and/or internal auditors will be requested, if required. Other members of the Board and management may attend meetings upon the invitation of the AC. Both the internal and external auditors may request a meeting if they consider it to be necessary. The AC shall meet with the external and internal auditors at least twice a year without the presence of executive members of the Board.

Minutes of each AC meeting was properly recorded and tabled for confirmation at the following AC meeting. The Chairperson of the AC reports to the Board on activities undertaken and key recommendations for the Board’s consideration and decision.

During the FYE 2023, the AC held a total of five (5) meeting. The Chief Financial Officer, internal auditors and external auditors have been invited to attend the AC meetings to present their audit plans and their subsequent audit findings. The AC had three (3) private sessions with the external auditors without the presence of Executive Board members and management.

The details of attendance of the AC members are as follows:

Committee Members	Meeting Attendance
Shireen Chia Yin Ting (Chairperson)	5/5
Clifton Heath Fernandez	5/5
Dato’ Ng Wan Peng	5/5

AUDIT COMMITTEE REPORT (CONT'D)

TERM OF OFFICE & PERFORMANCE

In order to assess the term of office of the AC members and performance of the AC in accordance with Rule 15.20 of the ACE LR, each of the AC members has performed the self and peer assessment and the results were tabled to the Nomination Committee for review and discussion prior to presenting the reports to the Board for evaluation. The Board was satisfied with the performance of the AC and confirmed that they have discharged their functions and carried out their duties and responsibilities effectively in accordance with the TOR.

SUMMARY OF ACTIVITIES OF THE AC

The main activities carried out by the AC during the FYE 2023 were summarised as follows:-

Financial Reporting

- reviewed the audited financial statements of the Company prior to submission to the Board for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited quarter financial results before recommending them for Board's approval, focusing particularly on:-
 - Any change in accounting policies
 - Significant adjustments arising from audit
 - Compliance with accounting standards and other legal requirements

External Audit

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and audit planning memorandum and the response from the management;
- reviewed the audit and non-audit fees and recommended to the Board for approval;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.

Internal Audit

- reviewed the internal audit plan presented by the internal auditors;
- reviewed the reports from the internal auditors and assessed the internal auditors' findings and the management's responses and the necessary recommendations;
- reviewed and discussed the effective implementation of the action plans taken by the management in response to audit findings and weaknesses identified during the audit review;
- monitored the follow-up internal audit report on the internal audit findings and the implementation status based on the internal auditors' recommendations; and
- reviewed and assessed the competency of the internal audit function.

Related Party Transactions and Conflict of Interest

At each quarterly meeting, the AC reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity.

The AC reviews the RPT and conflict of interest situation presented by the management prior to the Company entering into such transaction. The AC also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AC (CONT'D)

The main activities carried out by the AC during the FYE 2023 were summarised as follows:- (Cont'd)

Others

- reviewed the Statement on Risk Management and Internal Control and the AC Report for Board's consideration and approval for inclusion in the Annual Report; and
- reviewed the TOR prior to recommending for Board's approval.

INTERNAL AUDIT FUNCTION

The primary function of the internal audit is to assist the Board and AC in providing an independent review of the adequacy and effectiveness of the governance, risk management and internal control processes within Group, based on the risk-based internal audit plan reviewed and approved by the AC.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care. The internal auditors report directly to the AC.

The internal audit function is outsourced to a professional service firm, namely Talent League Sdn. Bhd. and the internal audit was carried out in accordance with the International Standards for the Professional Practices of Internal Auditing, 2017 of the International Professional Practices Framework adopted and recommended by the Institute of Internal Auditors Malaysia.

The AC has obtained a written confirmation upon engagement of the internal auditors that they will act as an independent service provide in providing professional services and will not undertake to perform any obligation of the Company, whether regulatory or contractual.

Summary of Works of the Internal Audit Function for FYE 2023

During the FYE 2023, the summary of works undertaken by the internal auditors comprised the following:-

- reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- the internal audits performed met the objective of highlighting to the AC the audit findings which required follow-up actions by the management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses; and
- formulated the internal audit plan and presented the plan to the AC for review and approval.

Total costs incurred for FYE 2023

Total costs incurred for the outsourced internal audit function of the Group for FYE 2023 amounted to RM48,000.

This AC Report is made in accordance with the Resolution passed by the Board of Directors on 26 April 2024.

NOMINATION COMMITTEE REPORT

The Nomination Committee (“NC”) comprises exclusively of Independent Non-Executive Directors and is chaired by Dato’ Ng Wan Peng, the Independent Non-Executive Director. The composition of the NC and the meeting attendance of each member during the FYE 2023 is set out below:

Name	Designation	Directorate	Meeting Attendance
Dato’ Ng Wan Peng	Chairperson	Independent Non-Executive Director	1/1
Clifton Heath Fernandez	Member	Independent Non-Executive Chairman	1/1
Shireen Chia Yin Ting	Member	Independent Non-Executive Director	1/1

The NC is responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the director should bring to the Board. The NC annually review the effectiveness of the Board as a whole, the committees of the Board and the contribution of each Director. The NC has its own Terms of Reference which deals with its authority and duties, which is available at the Company’s website at <https://www.securemetric.com/corporate-governance/>.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE NOMINATION COMMITTEE

The activities undertaken by the NC during the financial year review are as follows:

- Reviewed the current Board structure, size and composition with an aim to achieving a balance of views on the Board;
- Reviewed and assessed the effectiveness of the Board as a whole, the various Board Committees as well as the contribution of each individual Director;
- Assessed the independence of Independent Directors based on criteria set out in the Listing Requirements;
- Reviewed the character, experience, integrity, competence and time commitment of the Directors, Chief Executive Officer and the Chief Financial Officer;
- Reviewed and recommended the re-election of Directors at Annual General Meeting; and
- Reviewed the terms of office and performance of the AC and each of its members.

BOARD APPOINTMENTS AND RE-ELECTION OF DIRECTORS

The NC has been entrusted with the responsibility to identify, evaluate, select and recommend to the Board of any suitable candidate with the required credential to be appointed as a Director of the Company.

The Company has adopted Directors’ Fit and Proper Policy which set out procedures to ensure a formal, rigorous and transparent process for appointment and re-election of Directors of the Company. In evaluating the suitability of candidates for the Board, the NC taken into consideration the following aspects, in line with the Directors’ Fit and Proper Policy of the Company, as follows:

(a)	Character and integrity (i) Probity (ii) Personal integrity (iii) Financial integrity (iv) Reputation
(b)	Experience and competence (i) Qualifications, training and skills (ii) Relevant experience and expertise (iii) Relevant past performance or track record
(c)	Time and commitment (i) Ability to discharge role having regard to other commitments (ii) Participation and contribution in the board or track record

NOMINATION COMMITTEE REPORT (CONT'D)

BOARD APPOINTMENTS AND RE-ELECTION OF DIRECTORS (CONT'D)

In the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors based on the criteria prescribed in the ACE LR of Bursa Securities.

The Board may appoint an individual to be a Director by having selection process for new appointees as recommended by the NC to the Board. The appointed individual will stand for re-election at the next AGM in accordance with the Constitution of the Company. The suitable candidates to be considered for the appointment as Directors are facilitated through recommendations from the Directors, management and shareholders of the Company. The NC may seek professional advice from independent search firms as and when NC considers necessary to identify and short-list suitable candidates.

In FYE 2023, there was no new appointment of a Director of the Company. However, the Board through NC will continue to review and assess the composition of the Board in the Company.

Pursuant to the Company's Constitution, one-third (1/3) of the Board is subject to retirement by rotation at each AGM provided always that each Director shall retire at least once in every three (3) years and the retiring Director shall be eligible for re-election. Further, a retiring Director shall retain office until the conclusion of the AGM at which he retires.

Based on the annual assessment, the NC is satisfied with the performance of the Directors who are standing for re-election and has recommended to the Board for their proposed re-election in accordance with the Constitution of the Company. The Board supported the NC's recommendation to re-elect the eligible Directors standing for re-election at the forthcoming 7th AGM of the Company. The Directors who are retiring shall abstain from deliberations and decisions on their own eligibility to stand for re-election at the meetings of the Board.

BOARD ASSESSMENT AND ANNUAL EVALUATION

The Board through the NC conducted an annual evaluation to review the performance of each individual Director and the effectiveness of the Board and its Board Committees as well as the independence of Independent Non-Executive Directors. The annual evaluation was conducted through customised questionnaires guided by the Corporate Governance Guide of Bursa Securities.

The results of the annual evaluation and comments by the Directors were tabled and discussed at the NC meeting and thereafter reported at the Board meeting by the Chairperson of the NC. All evaluations carried out by the NC are properly documented.

Pursuant to Rule 15.20 of the ACE LR of Bursa Securities, the NC of a listed issuer must review the term of office and performance of an AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference. The NC had reviewed and assessed the performance of each of the members of the AC and was satisfied with the performance and effectiveness of the AC and each of its members.

The NC had upon its annual evaluation conducted in April 2023, concluded that the Directors have discharged their duties satisfactory, objectively and professionally. The NC was also satisfied with the performance of the Board and its Board Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Securemetric is pleased to present the Statement on Risk Management and Internal Control which outline the nature and scope of risk management and internal control system for the FYE 2023, pursuant to Rule 15.26(b) of ACE LR of Bursa Securities, Malaysian Code on Corporate Governance issued in 2021 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guideline”) pursuant to Guidance Note 11 of ACE LR.

BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the risk management and internal control system to cover the financial, compliance and operational controls of the Group as well as reviewing the adequacy, integrity, and effectiveness of the Group’s system of risk management and internal controls. The Group’s system is designed to manage the key areas of risk within an acceptable risk profile, rather than eliminating, the risk of not adhering to achieve the policies and business objectives and goals. The system of risk management and internal controls of the Group provides reasonable but not absolute assurance against occurrence of any material misstatement, losses, fraud or breaches of laws or regulations.

The Board believes that the review on the adequacy and effectiveness of the system of internal control and risk management is a concerted and continuous process. Such reviews are conducted through the various committees established by the Board and management. The Board has, through the Risk Management Committee, carried out the process of identifying, evaluating, monitoring and managing the key operational and financial risks affecting the achievement of its corporate objectives throughout the period.

The Board is of the view that the system of internal controls in place for the financial year under review is sound and adequate after taking into consideration of the costs and benefits to safeguard the Group’s assets and to protect the stakeholders’ interests in ensuring achievement of the business objectives and enhancing shareholder value.

RISK MANAGEMENT

The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board also acknowledges that all areas of the Group’s activities do involve some degree of risk and is committed to ensure that the Group has an effective risk management framework which allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group’s business objectives.

To carry out an effective risk management framework, the Board has oversight of the risk management through the Risk Management Committee, while Chief Operating Officer reports to the Risk Management Committee on the processes, findings and remedial actions taken by management. The new risk will be identified by taking into consideration of the Group’s business objectives, strategies and targets, and external environmental factors. This covers matters such as, responses to significant risk identified, output from monitoring processes, and changes made to the system of risk management and internal controls.

The Board has formalised an Enterprise Risk Management framework (“ERM framework” or “framework”) which is based on an international accepted framework. The framework aids to the achievement of Group’s objectives and strategies by instilling continuous process of identifying, evaluating, profiling, mitigating, reporting and monitoring significant business risks that the Group may face.

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

RISK MANAGEMENT (CONT'D)

The Group's Framework encompasses the following:

- Risk management shall be an integral part of the Group's culture and embedded into day-to-day management of operations, processes and structures and should be extensively applied in all decision-making and strategic planning;
- To report, monitor and continuous performance review on the risk profile faced by the Group in a proactive, responsible and accountable manner;
- Continuous implementing and monitoring of underlying risk management process and practices; and
- Risk management processes should apply to aim opportunities by balancing risks incurred, managing uncertainties and minimising threats associated to the opportunities.

The above framework facilitates and enhances the ability of the Board and management to manage risks within defined risk parameters and risk standards at the acceptable tolerance level.

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group has outsourced its internal audit function to an independent professional service provider, Talent League Sdn. Bhd. ("IA Consultant"). The duty of the internal audit function is to examine and evaluate major processes of operations of the Group in order to assist the Board in the effective discharge of the Board's responsibilities.

The IA Consultant aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently perform follow-up reviews to determine the extent to which the recommendations have been implemented.

The IA Consultant reports independently to the Audit Committee. In the course of performing its duties, the IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA Consultant adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The performance of the internal audit function is carried out as per the annual audit plan approved by the Audit Committee. The internal control findings, weaknesses and recommendations as well as the management responses and action plan were deliberated during the quarterly reviews with the Audit Committee. The key management team is responsible for ensuring correction, corrective actions, preventive actions and recommendations on reported weaknesses are attended within the required time frame.

During the financial year under review, the IA Consultant had conducted various risks-based internal audit ("RBIA") assignments every quarter and made recommendations in improving the system of internal controls to the Risk Management Committee. The areas of RBIA audit covered during the financial year were as follows:

- Q1 2023: Product Development; and Management Information System
- Q2 2023: Revenue & Project Management
- Q3 2023: Subscription Revenue Management
- Q4 2023: Financial Reporting; Human Resource Management; and Fixed Asset Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

OTHER KEY INTERNAL CONTROLS

The Board is committed in maintaining a strong control structure and environment to facilitate the proper conduct of the Group's businesses and operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are as stated below:

- **Organisational Structure**

The Group has in place an organisational structure that is aligned to business efficacy and operational requirements, with clearly defined lines of accountability, responsibility and delegated authority. The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the key management team, but also by delegation of authority to the independent board committees such as the Audit, Risk Management, Nomination and Remuneration Committees in specific areas for enhanced internal control and corporate governance. These Board Committees are all governed by clearly defined terms of reference.

- **Executive Review and Management Meetings**

There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogues with management of the respective business units.

Management meetings, attended by the Executive Directors and respective Head of Department are held on a monthly basis to identify, discuss and report on operational performance, business strategy, financial and key management issues for effective monitoring and decision making. In addition to the regular meetings, other ad hoc meetings are convened as and when necessary to stay on course of achieving the Group's goal and objectives.

- **Policies, Procedures and Financial Authority Limits**

The Group has in place, documented policies and procedures to govern the financial and operational functions, and internal control system of the Group. The objectives of the policies and procedures are to ensure ethical conduct, compliance with applicable laws and regulations, internal control principles and mechanisms are embedded in operations and that there is a clear line of responsibility and accountability among the business units of the Group. Some of the key policies and procedures implemented within the Group are:

- (a) **Group's Authority Manual**

The Group's Authority Manual assigns authority to the Board and to the appropriate level of management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time, provides check and balance on the amounts and types of commitments that management can undertake on behalf of the Group. The Authority Manual is approved by the Board and is regularly updated as and when is necessary, in line with the changes in the organisation.

- (b) **Operational Manuals**

Operational manuals for business units are available within the Group. It sets out policies and procedures for day-to-day operations and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

- (c) **IT Policies and Procedures**

The IT Security Policy incorporates the Corporate Policy among others, the usage of personal computer software, e-mail and internet; management of IT assets, security implementation for the antivirus level protection and hardware systems support procedures. It is established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information and data processing.

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

OTHER KEY INTERNAL CONTROLS (CONT'D)

- **Policies, Procedures and Financial Authority Limits (Cont'd)**

(d) Whistle Blowing Policy

The Group's whistle blowing policy guides employees of the Group in communicating and reporting instances of illegal or immoral conduct to the appropriate parties within the Group and at the same time, protecting these employees against victimisation, discrimination or being disadvantaged in any way arising from such communications. Arrangements are in place for the proportionate and independent investigations on all allegations or reports from within or outside the Group with appropriate follow up actions. The policy builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group.

(e) Group Communication Policy

The Board has also adopted a Communication Policy to ensure that all decisions made are communicated promptly to all staff at all levels within the Group and to enable the Group to communicate effectively with its shareholders, major investors, other stakeholders and public, generally with the intention of giving them a clear picture of the Group's performance and operations.

(f) Human Resource Policy

The Group has implemented a Human Resource Policy and Code of Conduct that sets out general employment terms and conditions and sets the tone for control consciousness and employee conduct. It is designed to provide guidelines to employees with the objective of ensuring issues and matters during the tenure of their employment are properly understood by all employees. It is a written guideline which clearly defines the organisation's vision, mission, culture, values, policies, company's expectations of employees and employee's expectations toward the Company.

The Group has also incorporated Succession Planning policies and procedures within the Human Resource Policy. This is part of the Group's organisational development initiative to ensure leadership and talent continuity for all key positions and to enhance the Group's capability to systematically identify, evaluate, develop, deploy and retain those who are qualified, eligible and suitable to be potential successors for critical positions.

In addition, internal control procedures have been set out in a series of other standard operating practice manuals and business process manuals to serve as guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement to ensure that they stay relevant and to align with the best practices.

(g) Corporate Liability Policy

In line with the Corporate Liability Provision under the New Section 17A MACC (Amendment) Act 2019, the Group adopted an Anti-Corruption and Bribery Policy ("ACBP") to show the Group's commitment to transparency, integrity and accountability. Any forms of bribery and corruption are unacceptable and will not be tolerated. ACBP has control measures to detect and prevent bribery as well as proper training and communication of such policies and procedures.

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

OTHER KEY INTERNAL CONTROLS (CONT'D)

- **Strategic Business Planning, Budgeting and Reporting**

A Group strategic business planning process is in place where the financial planning is correlated to the Group's strategic business plans. The Group performs an annual budgeting and forecasting exercise including development of business strategies and establishment of key performance indicators against which, units within the Group can be evaluated. The Group's strategic direction is also reviewed annually in light of the prevailing market conditions and significant market risks.

Financial performance and monthly management accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budget, with detailed explanations provided for material variances, reviews of internal and external factors contributing to performance, and management actions taken to improve the results. Variances against budget are analysed and reported internally on a monthly basis in management meetings.

- **Performance Reporting and Monitoring**

On a quarterly and annual basis, the financial performance and progress of key projects are reported and reviewed by the Board to enable them to gauge the Group's achievement of its annual targets and review any key financial and operational issues.

The Audit Committee reviews the quarterly financial statements with the Executive Directors before it recommends to the Board for approval to release the financial results to Bursa Malaysia Securities Berhad. The audited financial statements are reviewed with the external auditors before recommending them to the Board for tabling them to the shareholders at the annual general meeting.

- **Investment Appraisal**

Major investment proposals on mergers and acquisitions as well as long-term business investments are thoroughly reviewed and appraised by the Audit Committee, before recommending them to the Board.

- **Insurance and Physical Safeguards**

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguarded against any mishap that will result in material losses to the Group.

- **Regular Visits**

The Group conduct regular visits to operating units by members of the Board and management.

ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

The Chief Executive Officer and Chief Financial Officer have provided assurance to the Board, to the best of their knowledge and belief, that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial year under review until the date of this Statement on Risk Management and Internal Control.

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

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Rule 15.23 of the ACE LR, the external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report for FYE 2023. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Directors and management thereon.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement on Risk Management and Internal Control is not prepared in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guideline, nor is factually inaccurate.

CONCLUSION

The Board is of the opinion that the system of risk management and internal control that has been instituted throughout the Group is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's 2023 Annual Report. The Board and the management will continue to review and take measures to strengthen and improve the internal control environment from time to time based on the recommendations proposed by the IA Consultant.

The Board recognises that the development of the system of internal control is an ongoing process as part of its efforts in managing the risks faced by the Group. Consequently, the Board maintains an ongoing commitment to further strengthen the control environment within the Group.

This Statement on Risk Management and Internal Control is issued in accordance with a resolution of the Board of Directors dated 26 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Malaysia Securities Berhad:-

STATUS OF UTILISATION OF PROCEEDS

Utilisation of proceeds from private placement exercise

On 3 August 2021, 40,476,000 new Securemetric Shares, which were issued at RM0.139 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise ("Private Placement"). On 18 May 2023, Securemetric announced that the Company has extended the timeframe of the utilisation of proceeds raised from the Private Placement for certification costs and IT infrastructure till 2 August 2025.

The details of the utilisation of the proceeds from the Private Placement was as follows:

Details of utilisation	Proposed utilisation	Actual utilisation	Deviation: Surplus/(Deficit)	Balance	Estimated timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Working capital	2,951	(2,978)	27	–	Utilised
Certification costs	1,280	(60)	–	1,220	By August 2025
IT infrastructure	1,280	(1,280)	–	–	Utilised
Expenses for Private Placement	115	(88)	(27) ⁽¹⁾	–	Utilised
Total	5,626	(4,406)	–	1,220	

Note:

⁽¹⁾ The excess of RM0.027 million had been utilised for general working capital requirements of the Group.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During FYE 2023, a total of 560,000 warrants have been converted into 560,000 ordinary shares at an exercise price of RM0.16 per ordinary share.

The Warrants 2020/2023 had expired on 21 January 2023.

AUDIT AND NON-AUDIT FEES

During FYE 2023, the amount of audit and non-audit fees paid and payable by the Company and the Group to its External Auditors are as follows:

	Company RM'000	Group RM'000
Statutory audit fees		
- UHY	82	110
- Member firm of UHY	–	60
Non-audit fees		
- UHY	5	5

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Material Contracts

During FYE 2023, there were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive and/or major shareholders.

Contracts Relate to a Loan

There was no contracts which relate to a loan entered into by the Company and its subsidiaries involving Directors, Chief Executive and/or major shareholders during FYE 2023.

Employees Share Issuance Scheme

There was no Employees Share Issuance Scheme during FYE 2023.

Recurrent Related Party Transactions

During FYE 2023, there was no material Recurrent Related Party Transactions of a revenue or trading nature which requires shareholders' mandate.

Revaluation Policy on Landed Properties

The Company does not have a revaluation policy as it does not own any landed properties.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements of the Group and of the Company for each financial year which have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia (the "Act") so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements of the Group and of the Company for the FYE 2023, the Directors have:

- adopted and applied the appropriate and relevant accounting policies consistently;
- prepared the financial statements on a going concern basis, with reasonable expectation that the Group and Company have adequate resources to continue in operational existence in the foreseeable future;
- made judgments and estimates that are reasonable and prudent; and
- complied with applicable approved accounting standards in Malaysia.


The Directors are responsible to ensure that the Group and the Company keep proper accounting and other records which disclosed the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure the financial statements of the Group and of the Company comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors have general responsibility for taking such reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS



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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year, attributable to:		
- Owners of the parent	890,586	3,280,177
- Non-controlling interests	81,738	-
	927,324	3,280,177

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 560,000 new ordinary shares pursuant to the exercise of warrants at an exercise price of RM0.16 per share for a total cash consideration of RM89,600.

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT (CONT'D)

WARRANTS

On 4 February 2020, the Company had issued 243,600,000 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every one (1) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll executed on 3 January 2020 and each warrant entitles the registered holder the right at any time during the exercise period from 22 January 2020 to 21 January 2023 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.16 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 20 January 2023, 242,940,000 warrants remained unexercised and expired. The expired warrants have been removed from the Official List of Bursa Malaysia Securities Berhad on 25 January 2023.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors in office since the beginning of the current financial year until the date of this report are as follows:

Law Seeh Key *
Yong Kim Fui *
Clifton Heath Fernandez
Shireen Chia Yin Ting
Dato' Ng Wan Peng

* Director of the Company and its subsidiaries

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are as follows:

Nioo Yu Siong
Endah Lestari
Leo Nugraha Kusuma
Tan Yung Hui, Gabriel
Mary Jacqueline B. Haro
Domingo C. Gomugda Jr.
Carlo C. Carranza
Kevin C. Espiritu
Jureza T. Biocarles
Aimee Y. Asanza
Jayrill Cres B. Amarille
Joseph Erwin R. Capili

(appointed on 23 November 2023)
(appointed on 23 November 2023)
(appointed on 18 August 2023)
(resigned on 18 August 2023)
(resigned on 18 August 2023)
(resigned on 23 November 2023)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	At 1.1.2023	Number of ordinary shares		At 31.12.2023
		Bought	Sold	
Interests in the Company				
Direct Interests				
Law Seeh Key	179,675,210	–	–	179,675,210
Yong Kim Fui	6,886,200	–	–	6,886,200

By virtue of his interests in the shares of the Company, Law Seeh Key is also deemed interested in the shares of all the subsidiaries during the financial year to the extent the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors 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.

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

DIRECTORS' REMUNERATION

The details of the Directors' remuneration of the Group and of the Company during the financial year ended 31 December 2023 are as follows:

	Group RM	Company RM
Executive Directors:		
Salaries and other emoluments	1,320,159	600
Defined contribution plans	163,536	–
Social security contributions	3,120	–
Other benefits	43,557	–
	1,530,372	600
Non-executive Directors:		
Fees	114,000	114,000
Other benefits	5,400	5,400
	119,400	119,400
	1,649,772	120,000

The Directors' remuneration of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000.

DIRECTORS' REPORT (CONT'D)

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company were RM500,000 and RM5,800 respectively. No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) 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; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

AUDITORS' REMUNERATION

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

	Group RM	Company RM
Auditors' remuneration		
- Statutory audit		
- UHY	110,000	82,000
- member firms of UHY International	59,843	–
- Non-statutory audit	5,000	5,000
	174,843	87,000

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2024.

LAW SEEH KEY

YONG KIM FUI

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2024.

LAW SEEH KEY

YONG KIM FUI

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Yong Kim Fui (MIA Membership No: 16784), being the Director primarily responsible for the financial management of Securemetric Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 26 April 2024)

YONG KIM FUI

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To the members of Securemetric Berhad
[Registration No.: 201701019864 (1234029-D)]
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Securemetric 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 71 to 142.

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

Key Audit Matters	How we addressed the key audit matters
Impairment of trade receivables <p>The Group's non-current and current trade receivables amounting to RM1,069,063 and RM6,938,818 respectively, which representing approximately 6% and 17% of the Group's total non-current assets and current assets respectively as at 31 December 2023.</p> <p>The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.</p>	<p>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We assessed the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.</p> <p>We have reviewed the appropriateness of the disclosures made in the financial statements.</p>

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

INDEPENDENT AUDITORS' REPORT

To the Members of Securemetric Berhad

[Registration No.: 201701019864 (1234029-D)] (Incorporated in Malaysia)

(CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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 of the Company's internal control.

INDEPENDENT AUDITORS' REPORT

To the Members of Securemetric Berhad

[Registration No.: 201701019864 (1234029-D)] (Incorporated in Malaysia)

(CONT'D)

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

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: (Cont'd)

- 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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, are disclosed in Note 6 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Securemetric Berhad

[Registration No.: 201701019864 (1234029-D)] (Incorporated in Malaysia)

(CONT'D)

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.

UHY

Firm Number: AF 1411

Chartered Accountants

LIM BEE PENG

Approved Number: 03307/06/2025 J

Chartered Accountant

KUALA LUMPUR

26 April 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	1,571,259	934,904	–	–
Right-of-use assets	5	1,682,716	1,011,233	–	–
Investment in subsidiaries	6	–	–	15,067,859	15,067,859
Investment in an associate	7	6,809,994	8,231,287	6,900,000	8,000,000
Other investments	8	6,095,250	10,095,250	6,095,250	10,095,250
Deferred tax assets	9	236,691	138,571	–	–
Trade receivables	10	1,069,063	1,275,868	–	–
Other receivables	11	773,479	322,216	–	–
Total Non-Current Assets		18,238,452	22,009,329	28,063,109	33,163,109
Current Assets					
Inventories	12	1,867,323	1,802,344	–	–
Contract assets	13	2,882,591	182,088	–	–
Trade receivables	10	6,939,818	6,482,353	–	–
Other receivables	11	5,613,410	3,077,179	556,539	37,816
Amount due from a subsidiary	14	–	–	7,273,002	5,813,002
Tax recoverable		323,742	670,261	32,421	31,861
Fixed deposits with licensed banks	15	5,549,135	7,431,424	–	–
Cash and bank balances		17,280,107	15,561,057	1,659,654	2,721,401
Total Current Assets		40,456,126	35,206,706	9,521,616	8,604,080
Total Assets		58,694,578	57,216,035	37,584,725	41,767,189

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

(CONT'D)

		2023	Group	2022	Company	2022
	Note	RM		RM	RM	RM
Equity and Liabilities						
Equity						
Share capital	16	41,399,638	41,310,038	41,399,638	41,310,038	
Reserves	17	(10,716,696)	(11,721,728)	–	–	
Retained earnings/ (Accumulated losses)		10,284,558	11,087,250	(7,109,413)	(3,829,236)	
Equity attributable to the owners of the parent		40,967,500	40,675,560	34,290,225	37,480,802	
Non-controlling interests		203,465	242,719	–	–	
Total Equity		41,170,965	40,918,279	34,290,225	37,480,802	
Non-Current Liabilities						
Lease liabilities	18	975,537	332,186	–	–	
Contract liabilities	13	1,059,940	466,525	–	–	
Employee defined benefit plan	19	220,201	274,541	–	–	
Total Non-Current Liabilities		2,255,678	1,073,252	–	–	
Current Liabilities						
Contract liabilities	13	6,181,565	6,091,648	–	–	
Trade payables	20	3,361,046	3,750,346	–	–	
Other payables	21	4,431,387	4,594,033	94,500	86,387	
Amount due to a subsidiary	14	–	–	3,200,000	4,200,000	
Lease liabilities	18	667,429	613,158	–	–	
Tax payable		626,508	175,319	–	–	
Total Current Liabilities		15,267,935	15,224,504	3,294,500	4,286,387	
Total Liabilities		17,523,613	16,297,756	3,294,500	4,286,387	
Total Equity and Liabilities		58,694,578	57,216,035	37,584,725	41,767,189	

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	22	41,447,731	29,885,165	–	–
Cost of sales	23	(17,328,495)	(12,105,456)	–	–
Gross profit		24,119,236	17,779,709	–	–
Other income		3,646,677	680,548	2,825,359	49,337
Administrative expenses		(26,774,473)	(19,393,308)	(6,105,536)	(449,258)
Net (loss)/gain on impairment of financial instruments		(5,059)	19,638	–	–
Finance costs	24	(296,436)	(40,035)	–	–
Share of results of an associate, net of tax		(478,062)	95,477	–	–
Profit/(Loss) before tax	25	211,883	(857,971)	(3,280,177)	(399,921)
Taxation	26	(1,184,207)	(939,411)	–	–
Loss for the financial year		(972,324)	(1,797,382)	(3,280,177)	(399,921)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

(CONT'D)

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Other comprehensive income/(loss)					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		1,027,062	(418,442)	–	–
Share of other comprehensive income of an associate		–	5,814	–	–
		1,027,062	(412,628)	–	–
Items that will not be reclassified subsequently to profit or loss					
Remeasurement on employee defined benefit plan, net of tax		108,348	83,994	–	–
Net change in fair value of equity investments designated at fair value through other comprehensive income		–	96,301	–	–
		108,348	180,295	–	–
Total other comprehensive income/(loss) for the financial year		1,135,410	(232,333)	–	–
Total comprehensive income/(loss) for the financial year		163,086	(2,029,715)	(3,280,177)	(399,921)
Loss for the financial year attributable to:					
Owners of the parent		(890,586)	(1,723,299)	(3,280,177)	(399,921)
Non-controlling interests		(81,738)	(74,083)	–	–
		(972,324)	(1,797,382)	(3,280,177)	(399,921)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		202,340	(1,957,017)	(3,280,177)	(399,921)
Non-controlling interests		(39,254)	(72,698)	–	–
		163,086	(2,029,715)	(3,280,177)	(399,921)
Loss per share (sen)					
- Basic	27(a)	(0.15)	(0.30)		
- Diluted	27(b)	(0.15)	(0.30)		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

(CONT'D)

	Attributable to owners of the parent									
	Non-Distributable					Distributable				
	Share Capital RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Other Reserves RM	Merger Reserve RM	Warrant Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group										
At 1 January 2022	41,310,038	164,151	(317,677)	(38,201,876)	(11,004,663)	38,205,150	12,477,454	42,632,577	315,417	42,947,994
Loss for the financial year	-	-	-	-	-	-	(1,723,299)	(1,723,299)	(74,083)	(1,797,382)
Other comprehensive income/(loss) for the financial year	-	96,301	(402,662)	-	-	-	72,643	(233,718)	1,385	(232,333)
Transfer upon disposal of equity investment designated at FVTOCI	-	(260,452)	-	-	-	-	260,452	-	-	-
Total comprehensive loss for the financial year	-	(164,151)	(402,662)	-	-	-	(1,390,204)	(1,957,017)	(72,698)	(2,029,715)
At 31 December 2022	41,310,038	-	(720,339)	(38,201,876)	(11,004,663)	38,205,150	11,087,250	40,675,560	242,719	40,918,279

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

(CONT'D)

	Note	Share Capital RM	Other Reserves RM	Warrant Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
At 1 January 2023		41,310,038	(38,205,150)	38,205,150	(3,829,236)	37,480,802
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	(3,280,177)	(3,280,177)
Transactions with owners:						
Issuance of ordinary shares pursuant to:						
- Exercise of warrants	16	89,600	87,864	(87,864)	–	89,600
Expiration of warrants	17(d)	–	38,117,286	(38,117,286)	–	–
Total transactions with owners		89,600	38,205,150	(38,205,150)	–	89,600
At 31 December 2023		41,399,638	–	–	(7,109,413)	34,290,225
At 1 January 2022		41,310,038	(38,205,150)	38,205,150	(3,429,315)	37,880,723
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	(399,921)	(399,921)
At 31 December 2022		41,310,038	(38,205,150)	38,205,150	(3,829,236)	37,480,802

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Operating Activities				
Profit/(Loss) before tax	211,883	(857,971)	(3,280,177)	(399,921)
Adjustments for:				
Allowance for slow moving inventories	–	82,651	–	–
Depreciation of:				
- property, plant and equipment	512,058	578,612	–	–
- right-of-use assets	844,860	761,368	–	–
Finance costs	296,436	40,035	–	–
Impairment losses on:				
- investment in an associate	1,700,000	–	1,700,000	–
- other investments	4,000,000	–	4,000,000	–
- trade receivables	39,496	8,550	–	–
Inventories written off	15,603	38,103	–	–
Property, plant and equipment written off	1,426	870	–	–
Unrealised loss/(gain) on foreign exchange	28,139	(93,765)	(1,591)	168
Dividend income	–	(2,801)	(200,000)	–
Gain on disposal of:				
- investment in an associate	(962,670)	–	(600,000)	–
- property, plant and equipment	(39,814)	(599)	–	–
- right-of-use assets	(76,420)	–	–	–
Interest income	(239,107)	(209,154)	(23,768)	(43,630)
Reversal of impairment losses on trade receivables	(34,437)	(28,188)	–	–
Reversal of allowance for slow moving inventories	(2,720)	–	–	–
Share of results of an associate, net of tax	478,062	(95,477)	–	–
Operating profit/(loss) before working capital changes carried down	6,772,795	222,234	1,594,464	(443,383)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023

(CONT'D)

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Operating Activities (Cont'd)				
Operating profit/(loss) before working capital changes brought down	6,772,795	222,234	1,594,464	(443,383)
Changes in working capital:				
Inventories	(77,862)	(504,408)	–	–
Receivables	(3,525,778)	2,244,847	(518,723)	(22,227)
Payables	(641,897)	2,685,798	8,113	(3,635)
Contract assets/(liabilities)	(2,017,171)	2,070,477	–	–
	(6,262,708)	6,496,714	(510,610)	(25,862)
Cash generated from/(used in) operations	510,087	6,718,948	1,083,854	(469,245)
Interest paid	(40,976)	(40,035)	–	–
Interest received	239,107	209,154	23,768	43,630
Tax paid	(902,185)	(979,001)	(560)	(1,988)
Tax refund	392,618	–	–	–
Exchange fluctuation adjustment	1,151,717	(330,108)	–	–
Net cash from/(used in) operating activities	1,350,368	5,578,958	1,107,062	(427,603)
Investing Activities				
Additional investment in financial assets at fair value through other comprehensive income	–	(4,000,000)	–	(4,000,000)
Decrease in fixed deposit with a licensed bank with maturity more than 3 months	–	182,196	–	–
Dividend received	200,000	2,801	200,000	–
Net movement in amount due from a subsidiary	–	–	(1,460,000)	(2,572,000)
Purchase of property, plant and equipment	(1,140,878)	(281,126)	–	–
Purchase of right-of-use assets [Note 5(b)]	(66,762)	(86,800)	–	–
Proceeds from disposal of other investment	–	324,990	–	–
Proceeds from disposal of property, plant and equipment	42,528	22,537	–	–
Proceeds from disposal of right-of-use assets	110,000	–	–	–
Net cash used in investing activities	(855,112)	(3,835,402)	(1,260,000)	(6,572,000)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023

(CONT'D)

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Financing Activities				
Increase in fixed deposits pledged	(11,998)	(7,764)	–	–
Net movement in amount due to a subsidiary	–	–	(1,000,000)	4,200,000
Payment of lease liabilities	(782,672)	(692,340)	–	–
Proceeds from issuance of shares pursuant to:				
- Exercise of warrants (Note 16)	89,600	–	89,600	–
Net cash (used in)/from financing activities	(705,070)	(700,104)	(910,400)	4,200,000
Net (decrease)/increase in cash and cash equivalents	(209,814)	1,043,452	(1,063,338)	(2,799,603)
Cash and cash equivalents at the beginning of the financial year	22,565,020	21,528,549	2,721,401	5,521,172
Effect of exchange translation differences on cash and cash equivalents	34,577	(6,981)	1,591	(168)
Cash and cash equivalents at the end of the financial year	22,389,783	22,565,020	1,659,654	2,721,401
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	17,280,107	15,561,057	1,659,654	2,721,401
Fixed deposits with licensed banks	5,549,135	7,431,424	–	–
	22,829,242	22,992,481	1,659,654	2,721,401
Less: Fixed deposit pledged to a licensed bank	(439,459)	(427,461)	–	–
	22,389,783	22,565,020	1,659,654	2,721,401

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023
(CONT'D)

Note to statements of cash flows

Cash flows for leases as a lessee

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash used in operating activities				
Payment relating to short-term leases	68,316	65,198	–	–
Interest paid in relation to lease liabilities (Note 18)	40,976	40,035	–	–
	109,292	105,233	–	–
Included in net cash used in financing activities				
Payment of lease liabilities (Note 18)	782,672	692,340	–	–
Net cash outflows for leases	891,964	797,573	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Level 5-E-6, Hive 5, Taman Teknologi Mranti, Lebuhraya Puchong - Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments 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 new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below:

Amendments to MFRS 101 *Disclosure of Accounting Policies*

The Group and the Company adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in any material changes to the accounting policies of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)**(a) Statement of compliance (Cont'd)**Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has adopted Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

The Group previously accounted for deferred tax on leases applying the “integrally linked” approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statements of financial position because the balances qualify for offset under paragraph 74 of MFRS 112. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised as disclosed Note 9.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	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
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (iii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Depreciation and useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Judgements are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and ROU assets may differ from the estimates applied and therefore, future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)**(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details of carrying amount of recognised and unrecognised of deferred tax assets are disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less estimated cost to sell. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss is disclosed in Note 10.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations. The defined benefit liability of the Group at the reporting date is disclosed in Note 19.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group has tax recoverable of RM323,742 (2022: RM670,261) and tax payable of RM626,508 (2022: RM175,319) respectively. As at 31 December 2023, the Company has tax recoverable of RM32,421 (2022: RM31,861).

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**(a) Basis of consolidation (Cont'd)****(i) Subsidiaries (Cont'd)****Business combination - Merger method**

A business combination in which all the combining entity or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of the subsidiaries resulted in a business involving common control entity since the management of all the entity which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entity in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidated had taken place before the state of the earliest year presented in the combined financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been affected throughout the current period. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entity, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other reserves.

Business combination - Acquisition method

The Group applies the acquisition method to account for business combinations from the acquisition date, which is the date on which the control is transferred to the Group. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Subsidiaries are consolidated 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. In preparing the consolidated financial statements, all intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full. Uniform accounting policies are applied to like transactions and events in similar circumstances.

(ii) Changes in ownership interests in subsidiaries without change of control

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Loss of control

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

(b) Investment in associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated and the Company's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**(c) Foreign currency translation (Cont'd)****(ii) Foreign operations (Cont'd)**

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operations reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(d) Property, plant and equipment**(i) Recognition and measurement**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other repair and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Office equipment	10%
Computer and Information Technology (IT) equipment	33%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	20%
Hostel equipment	10%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(e) Leases

As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(f) Financial assets

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**(f) Financial assets (Cont'd)**Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from a subsidiary and bank balances.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")**(1) Debt investments**

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(2) Debt investments

The debt investment is not designated as fair value through profit or loss. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows: (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI") (Cont'd)

(3) Equity investments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**(g) Financial liabilities**Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(ii) Financial liabilities at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's financial liabilities at amortised cost comprise trade and other payables and lease liabilities. The Company's financial liabilities at amortised cost comprise other payables and amount due to a subsidiary.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowances; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(i) Offsetting of financial instruments

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

(j) Inventories

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

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on first-in-first-out basis.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(l) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**(m) Impairment of assets****(i) Non-financial assets**

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (group of cash-generating units).

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade and other receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Share capital

Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of direct attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' pension scheme. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan is an approved fund independent of the Group's finances and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of reporting period.

The defined benefit obligation, calculated annually using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at reporting date of Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past-service costs are recognised immediately in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**(p) Revenue and other income****(i) Revenue from contracts with customers**

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Sale of goods

The Group is involved in the trading of electronic identification products. Sales are recognised in the accounting period when control of the products has been transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the designated location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers or in proportion to the stage of completion of the transaction during the reporting period. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Dividend income

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

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(r) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(r) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RM	Computer and IT equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Hostel equipment RM	Total RM
Group							
2023							
Cost							
At 1 January 2023	240,280	3,034,972	233,985	286,893	177,352	12,748	3,986,230
Additions	19,355	405,746	-	-	715,777	-	1,140,878
Disposals	(1,527)	(4,428)	-	-	(123,805)	-	(129,760)
Written off	(360)	(56,307)	(53)	-	-	-	(56,720)
Exchange differences	2,850	27,531	2,963	2,962	8,253	-	44,559
At 31 December 2023	260,598	3,407,514	236,895	289,855	777,577	12,748	4,985,187
Accumulated depreciation							
At 1 January 2023	119,068	2,471,625	147,150	135,456	167,599	10,428	3,051,326
Charge for the financial year	24,564	393,720	19,880	22,611	50,344	939	512,058
Disposals	(1,301)	(3,873)	-	-	(121,872)	-	(127,046)
Written off	(360)	(54,881)	(53)	-	-	-	(55,294)
Exchange differences	1,898	18,338	2,130	2,962	7,556	-	32,884
At 31 December 2023	143,869	2,824,929	169,107	161,029	103,627	11,367	3,413,928
Carrying amount							
At 31 December 2023	116,729	582,585	67,788	128,826	673,950	1,381	1,571,259

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment RM	Computer and IT equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Hostel equipment RM	Total RM
Group 2022							
Cost							
At 1 January 2022	220,176	2,809,930	232,389	288,374	181,479	12,748	3,745,096
Additions	22,631	255,205	3,290	-	-	-	281,126
Disposals	-	(39,977)	-	-	-	-	(39,977)
Written off	(1,232)	(2,710)	(290)	-	-	-	(4,232)
Exchange differences	(1,295)	12,524	(1,404)	(1,481)	(4,127)	-	4,217
At 31 December 2022	240,280	3,034,972	233,985	286,893	177,352	12,748	3,986,230
Accumulated depreciation							
At 1 January 2022	97,595	1,992,547	127,351	114,328	155,387	9,485	2,496,693
Charge for the financial year	22,711	495,180	20,961	22,609	16,208	943	578,612
Disposals	-	(18,039)	-	-	-	-	(18,039)
Written off	(362)	(2,710)	(290)	-	-	-	(3,362)
Exchange differences	(876)	4,647	(872)	(1,481)	(3,996)	-	(2,578)
At 31 December 2022	119,068	2,471,625	147,150	135,456	167,599	10,428	3,051,326
Carrying amount							
At 31 December 2022	121,212	563,347	86,835	151,437	9,753	2,320	934,904

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

5. RIGHT-OF-USE ASSETS

	Buildings RM	Motor vehicles RM	Computer server RM	Total RM
Group				
2023				
Cost				
At 1 January 2023	1,455,593	708,815	–	2,164,408
Additions	467,725	444,763	616,017	1,528,505
Disposals	–	(400,537)	–	(400,537)
Lease modification	5,894	–	–	5,894
Expiration of lease contracts	(858,011)	–	–	(858,011)
Exchange differences	19,949	–	–	19,949
At 31 December 2023	1,091,150	753,041	616,017	2,460,208
Accumulated depreciation				
At 1 January 2023	743,996	409,179	–	1,153,175
Charge for the financial year	637,831	156,203	50,826	844,860
Disposals	–	(366,957)	–	(366,957)
Expiration of lease contracts	(858,011)	–	–	(858,011)
Exchange differences	4,425	–	–	4,425
At 31 December 2023	528,241	198,425	50,826	777,492
Carrying amount				
At 31 December 2023	562,909	554,616	565,191	1,682,716
2022				
Cost				
At 1 January 2022	1,258,250	708,815	–	1,967,065
Additions	358,346	–	–	358,346
Expiration of lease contracts	(167,432)	–	–	(167,432)
Exchange differences	6,429	–	–	6,429
At 31 December 2022	1,455,593	708,815	–	2,164,408
Accumulated depreciation				
At 1 January 2022	296,635	267,417	–	564,052
Charge for the financial year	619,606	141,762	–	761,368
Expiration of lease contracts	(167,432)	–	–	(167,432)
Exchange differences	(4,813)	–	–	(4,813)
At 31 December 2022	743,996	409,179	–	1,153,175
Carrying amount				
At 31 December 2022	711,597	299,636	–	1,011,233

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

5. RIGHT-OF-USE ASSETS (CONT'D)

- (a) The motor vehicles of the Group with carrying amount of RM554,616 (2022: RM299,636) are pledged as securities for the related lease liabilities.
- (b) The aggregate costs for the right-of-use assets of the Group during the financial year acquired under lease financing and cash payments are as follows:

	Group	
	2023 RM	2022 RM
Aggregate costs	1,528,505	358,346
Less: Lease financing	(1,461,743)	(271,546)
Cash payments	66,762	86,800

6. INVESTMENT IN SUBSIDIARIES

- (a) Investment in subsidiaries

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost		
In Malaysia	10,166,998	10,166,998
Outside Malaysia	4,900,861	4,900,861
	15,067,859	15,067,859

- (b) Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Direct holding				
Securemetric Technology Sdn. Bhd. ("Securemetric Malaysia")	Malaysia	100	100	Provision of digital security solutions as well as trading of electronic identification products, and other related services

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Direct holding				
Securemetric Technology Co., Ltd. (“Securemetric Vietnam”) *	Vietnam	100	100	Provision of digital security solutions as well as trading of electronic identification products, and other related services
Securemetric Technology, Inc. (“Securemetric Philippines”) *	Philippines	99.995	99.995	Provision of digital security solutions as well as trading of electronic identification products, and other related services
PT Securemetric Technology (“Securemetric Indonesia”) *	Indonesia	99.999	99.999	Provision of digital security solutions as well as trading of electronic identification products, and other related services
Securemetric Technology Pte. Ltd. (“Securemetric Singapore”) *	Singapore	100	100	Trading of electronic identification products and other related services
PT Softkey Indonesia (“Softkey Indonesia”) *	Indonesia	80	80	Trading of electronic identification products and other related services
Signing Cloud Sdn. Bhd. (“Signing Cloud Malaysia”)	Malaysia	100	100	Provision of digital security solutions and other related services

* Audited by member firms of UHY International

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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Material partly-owned subsidiary

The summarised financial information of the Group's subsidiary that have material non-controlling interests (amount before inter-company elimination) is as follows:

Name of company	Proportion of ownership, interest and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
Softkey Indonesia	20	20	(81,738)	(74,083)	203,465	242,719

(i) Summarised Statement of Financial Position

	2023 RM	2022 RM
Non-current assets	1,280,351	1,430,758
Current assets	316,517	496,372
Non-current liability	(89,354)	(178,319)
Current liabilities	(104,908)	(149,938)
Net assets	1,402,606	1,598,873

(ii) Summarised Statement of Profit or Loss and Other Comprehensive Income

	2023 RM	2022 RM
Revenue	660,571	489,571
Loss for the financial year	(408,691)	(370,415)
Other comprehensive income for the financial year	212,424	6,925
Total comprehensive loss for the financial year	(196,267)	(363,490)

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6. INVESTMENT IN SUBSIDIARIES (CONT'D)**(c) Material partly-owned subsidiary (Cont'd)****(iii) Summarised Statement of Cash Flows**

	2023 RM	2022 RM
Net cash (used in)/from operating activities	(264,665)	52,082
Net cash used in investing activities	(10,168)	(57,602)
Net cash from financing activity	75,000	–
Net decrease in cash and cash equivalents	(199,834)	(5,520)

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

7. INVESTMENT IN AN ASSOCIATE

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Unquoted shares in Malaysia, at cost	8,600,000	8,000,000	8,600,000	8,000,000
Less: Accumulated impairment losses	(1,700,000)	–	(1,700,000)	–
Share of post acquisition reserve	6,900,000 (90,006)	8,000,000 231,287	6,900,000 –	8,000,000 –
	6,809,994	8,231,287	6,900,000	8,000,000

During the financial year, the Company entered into share sale and purchase agreement ("SSPA") and a shareholders' agreement ("SSA") with Innov8tif Consortium Sdn. Bhd. ("Innov8tif Consortium") for the disposal of its entire equity interest in Innov8tif Solutions Sdn. Bhd. ("Innov8tif Solutions") for total consideration of RM112,500, which settled by way of issuance of 112,500 new ordinary shares in Innov8tif Consortium at an issue price of RM1.00 per new share. Consequently, Innov8tif Solutions ceased to be an associate of the Company and Innov8tif Consortium become a 20% owned associate of the Company.

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7. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Direct holding				
Innov8tif Solutions Sdn. Bhd. *	Malaysia	–	20	Involved in ICT system development, development and maintenance service with software trading and services
Innov8tif Consortium Sdn. Bhd. *	Malaysia	20	–	Investment holding

* Associate not audited by UHY

The summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group are as follows:

	Innov8tif Consortium		Innov8tif Solutions	
	2023 RM	2022 RM	2023 RM	2022 RM
Assets and liabilities				
Non-current assets	29,200,086	N/A	N/A	159,399
Current assets	29,463	N/A	N/A	7,892,160
Total assets	29,229,549	N/A	N/A	8,051,559
Non-current liability	–	N/A	N/A	(295,099)
Current liabilities	(29,119,684)	N/A	N/A	(1,518,364)
Net assets	109,865	N/A	N/A	6,238,096

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7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group are as follows: (Cont'd)

	Innov8tif Consortium		Innov8tif Solutions	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial results				
Revenue	–	N/A	N/A	12,570,378
(Loss)/Profit for the financial year	(452,635)	N/A	N/A	477,385
Other comprehensive income for the financial year	–	N/A	N/A	29,068
Total comprehensive (loss)/income for the financial year	(452,635)	N/A	N/A	506,453
Other information				
Dividend received	–	–	200,000	–
Group's share of results for the financial year ended 31 December				
Group's share of (loss)/profit	(90,006)	N/A	(388,056)	95,477
Group's share of other comprehensive income	–	N/A	–	5,814
Group's share of total comprehensive (loss)/income	(90,006)	N/A	(388,056)	101,291
Group's share of net assets, representing carrying amount of Group's interest in an associate	21,973	N/A	N/A	1,247,620

8. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current				
Financial assets at fair value through other comprehensive income				
At cost				
Unquoted shares, outside Malaysia	6,095,250	10,095,250	6,095,250	10,095,250

During the financial year, the Group recognised an impairment losses of RM4,000,000 (2022: RM Nil) on investment in unquoted shares as administrative expenses in the statements of profit or loss and other comprehensive income.

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(Cont'd)

9. DEFERRED TAX ASSETS

	2023 RM	Group 2022 RM
At 1 January	138,571	117,154
Recognised in profit or loss	117,993	49,960
Recognised in other comprehensive income	(28,868)	(23,690)
Exchange differences	8,995	(4,853)
At 31 December	236,691	138,571

The components and movements of deferred tax assets and liabilities are as follows

Deferred tax assets

	Deferred revenue RM	Lease liabilities RM	Unutilised capital allowances RM	Others RM	Total RM
Group					
At 1 January 2023	147,347	129,509	–	128,913	405,769
Recognised in profit or loss	11,088	(9,854)	(53,495)	107,097	54,836
Recognised in other comprehensive income	–	–	–	(28,868)	(28,868)
(Over)/Under provision in prior year	(136,119)	–	186,482	(2,830)	47,533
Exchange differences	(48)	2,437	–	8,894	11,283
At 31 December 2023 (before offsetting)	22,268	122,092	132,987	213,206	490,553
Less: Offsetting					(253,862)
At 31 December 2023 (after offsetting)					236,691
At 1 January 2022	45,025	–	–	123,928	168,953
Recognised in profit or loss	89,547	(49,672)	–	33,399	73,274
Recognised in other comprehensive income	–	–	–	(23,690)	(23,690)
Under/(Over) provision in prior year	12,775	180,446	–	(233)	192,988
Exchange differences	–	(1,265)	–	(4,491)	(5,756)
At 31 December 2022 (before offsetting)	147,347	129,509	–	128,913	405,769
Less: Offsetting					(267,198)
At 31 December 2022 (after offsetting)					138,571

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(Cont'd)

9. DEFERRED TAX ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows: (Cont'd)

Deferred tax liabilities

	Accelerated capital allowances RM	Right-of-use assets RM	Others RM	Total RM
Group				
At 1 January 2023	(76,835)	(128,249)	(62,114)	(267,198)
Recognised in profit or loss	16,225	10,672	36,260	63,157
(Under)/Over provision in prior year	(57,035)	–	9,502	(47,533)
Exchange differences	–	(2,276)	(12)	(2,288)
At 31 December 2023 (before offsetting)	(117,645)	(119,853)	(16,364)	(253,862)
Less: Offsetting				253,862
At 31 December 2023 (after offsetting)	–	–	–	–
At 1 January 2022	(51,799)	–	–	(51,799)
Recognised in profit or loss	(12,494)	50,932	(61,752)	(23,314)
Under provision in prior year	(12,542)	(180,446)	–	(192,988)
Exchange differences	–	1,265	(362)	903
At 31 December 2022 (before offsetting)	(76,835)	(128,249)	(62,114)	(267,198)
Less: Offsetting				267,198
At 31 December 2022 (after offsetting)				–

Deferred tax assets have not been recognised in respect of the following items:

	2023 RM	Group 2022 RM
Right-of-use assets and lease liabilities	1,413	11,792
Other deductible temporary differences	382,416	909,963
Unutilised capital allowances	1,401,700	989,509
Unused tax losses	15,225,106	14,650,774
	17,010,635	16,562,038

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9. DEFERRED TAX ASSETS (CONT'D)

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

For Malaysia entities, pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (ie: from year of assessment 2019 to 2028) under the current tax legislation.

The unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	2023 RM	Group 2022 RM
2030	3,879,504	4,984,440
2031	4,294,384	4,294,384
2032	3,468,810	3,468,810
2033	1,514,589	–
Indefinite *	2,067,819	1,903,140
	15,225,106	14,650,774

* The unrecognised unused tax losses of a foreign subsidiary can be carried forward indefinitely. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

10. TRADE RECEIVABLES

	2023 RM	Group 2022 RM
Non-current		
Trade receivables	1,069,063	1,275,868
Current		
Trade receivables	7,311,523	6,848,517
Less: Accumulated impairment losses	(371,705)	(366,164)
	6,939,818	6,482,353
Total trade receivables	8,008,881	7,758,221

Trade receivables are non-interest bearing and are on 30 to 90 days (2022: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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10. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit Impaired RM	Loss allowance RM
Group			
At 1 January 2023	5,038	361,126	366,164
Impairment losses recognised	39,496	–	39,496
Impairment losses reversed	(198)	(34,239)	(34,437)
Exchange differences	482	–	482
At 31 December 2023	44,818	326,887	371,705
At 1 January 2022	32,491	352,992	385,483
Impairment losses recognised	416	8,134	8,550
Impairment losses reversed	(28,188)	–	(28,188)
Exchange differences	319	–	319
At 31 December 2022	5,038	361,126	366,164

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The ageing analysis of trade receivables at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2023			
Not past due	3,441,300	(6,496)	3,434,804
Past due			
Less than 30 days	2,589,111	(38,152)	2,550,959
31 to 60 days	1,197,516	(24)	1,197,492
61 to 90 days	11,607	–	11,607
More than 90 days	814,165	(146)	814,019
	4,612,399	(38,322)	4,574,077
Credit impaired			
Individually impaired	326,887	(326,887)	–
	8,380,586	(371,705)	8,008,881

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10. TRADE RECEIVABLES (CONT'D)

The ageing analysis of trade receivables at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2022			
Not past due	4,686,360	(4,686)	4,681,674
Past due			
Less than 30 days	752,800	(15)	752,785
31 to 60 days	1,000,153	(15)	1,000,138
61 to 90 days	316,671	(246)	316,425
More than 90 days	1,007,275	(76)	1,007,199
	3,076,899	(352)	3,076,547
Credit impaired			
Individually impaired	361,126	(361,126)	–
	8,124,385	(366,164)	7,758,221

Trade receivables that are not past due nor individually impaired are creditworthy debtors with good payment records with the Group.

As at 31 December 2023, the Group has gross trade receivables amounting to RM4,612,399 (2022: RM3,076,899) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default but with slower repayment records.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM326,887 (2022: RM361,126), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The Group has 2 (2022: 3) customers that owed to the Group for approximately 23% (2022: 62%) of total trade receivables at the end of the reporting period.

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11. OTHER RECEIVABLES

	2023 RM	Group 2022 RM	Company 2023 RM	2022 RM
Non-current				
Deferred costs	772,862	319,712	–	–
Prepayments	617	2,504	–	–
	773,479	322,216	–	–
Current				
Other receivables				
- Third parties	350,822	82,863	–	–
- Related party	6,000	–	6,000	–
	356,822	82,863	6,000	–
Deferred costs	4,113,623	2,358,708	–	–
Deposits	699,837	216,166	508,200	1,000
Prepayments	442,220	418,219	42,339	36,816
Goods and Services				
Tax receivable	908	1,223	–	–
	5,613,410	3,077,179	556,539	37,816
	6,386,889	3,399,395	556,539	37,816

Related party represents associate of the Company. The amount due from related party is unsecured, non-interest bearing and repayable on demand.

Included in the other receivables of the Group is a refundable performance security bonds amounting to RM337,345 (2022: RMNil) and are repayable within next twelve months upon the issuance of sale invoices.

12. INVENTORIES

	2023 RM	Group 2022 RM
Goods-in-transit	346,706	–
Finished goods	1,520,617	1,802,344
	1,867,323	1,802,344
Recognised in profit or loss		
Inventories recognised as cost of sales	9,019,521	5,301,158
Allowance for slow moving inventories	–	82,651
Reversal of allowance for slow moving inventories	(2,720)	–
Inventories written off	15,603	38,103

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13. CONTRACT ASSETS/(LIABILITIES)

(a) Contract assets

	2023 RM	Group 2022 RM
Software, consultancy and installation services	2,882,591	182,088

This represents Group's rights to consideration for work completed but not yet billed at the reporting date.

(b) Contract liabilities

	2023 RM	Group 2022 RM
Non-current		
Deferred revenue	1,059,940	466,525
Current		
Deferred revenue	6,181,565	6,091,648
	7,241,505	6,558,173

Deferred revenue represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date, are as follows:

	2023 RM	Group 2022 RM
Aggregate amount of transaction price allocated to contracts that are partially unsatisfied as at 31 December	7,241,505	6,558,173

14. AMOUNT DUE FROM/TO SUBSIDIARIES

(a) Amount due from a subsidiary

This represents unsecured, non-interest bearing advances and repayable on demand.

(b) Amount due to a subsidiary

This represents unsecured, non-interest bearing advances and repayable on demand.

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15. FIXED DEPOSITS WITH LICENSED BANKS

	2023 RM	Group 2022 RM
Deposits with tenures of:		
- less than 3 months	5,109,676	7,003,963
- more than 3 months	439,459	427,461
	5,549,135	7,431,424

Included in fixed deposits with licensed banks of the Group is an amount of RM439,459 (2022: RM427,461) which has been pledged to a licensed bank as security for bank guarantee facilities granted to a subsidiary.

The interest rates and maturity of deposits at the end of the reporting period are as follows:

	2023 RM	Group 2022 RM
Interest rate per annum	2.25% to 4.50%	1.85% to 3.30%
Maturity of deposits	1 to 12 months	1 to 12 months

16. SHARE CAPITAL

	Group and Company		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid ordinary shares				
At 1 January	576,506,000	576,506,000	41,310,038	41,310,038
Issuance of shares pursuant to:				
- Exercise of warrants	560,000	-	89,600	-
At 31 December	577,066,000	576,506,000	41,399,638	41,310,038

During the financial year, the Company issued 560,000 new ordinary shares pursuant to the exercise of warrants at an issue price of RM0.16 per share for a total cash consideration of RM89,600.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

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17. RESERVES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Foreign currency translation reserve	(a)	284,693	(720,339)	–	–
Other reserves	(b)	3,274	(38,201,876)	–	(38,205,150)
Merger reserve	(c)	(11,004,663)	(11,004,663)	–	–
Warrant reserve	(d)	–	38,205,150	–	38,205,150
		(10,716,696)	(11,721,728)	–	–

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Other reserves

Other reserves comprise of the followings:

(i) Tax amnesty

The subsidiaries, namely Securemetric Indonesia and Softkey Indonesia participated in the Tax Amnesty Program in accordance with Law No. 11/2016. Both subsidiaries paid the related redemption money amounting to RM3,274 (2022: RM3,274) and recorded the declared tax amnesty assets under other reserve.

(ii) Fair value of warrants issued amounting to RMNil (2022: RM38,205,150).

(c) Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiary acquired under the merger method of accounting.

(d) Warrant reserve

	Group and Company			
	Number of warrants		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Warrants				
At 1 January	243,500,000	243,500,000	38,205,150	38,205,150
Exercise of warrants	(560,000)	–	(87,864)	–
Expiration of warrants	(242,940,000)	–	(38,117,286)	–
At 31 December	–	243,500,000	–	38,205,150

This represents the fair value of the warrants issued and is non-distributable.

On 4 February 2020, the Company had issued 243,600,000 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every one (1) existing ordinary shares held in the Company.

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17. RESERVES (CONT'D)**(d) Warrant reserve (Cont'd)**

The warrants are constituted under a Deed Poll executed on 3 January 2020 and each warrant entitles the registered holder the right at any time during the exercise period from 22 January 2020 to 21 January 2023 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.16 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 20 January 2023, 242,940,000 warrants remained unexercised and expired. The expired warrants have been removed from the Official List of Bursa Malaysia Securities Berhad on 25 January 2023.

18. LEASE LIABILITIES

	2023 RM	Group 2022 RM
At 1 January	945,344	1,355,271
Additions	1,461,743	271,546
Lease modification	5,894	–
Accretion of interest	40,976	40,035
Payments	(823,648)	(732,375)
Exchange differences	12,657	10,867
At 31 December	1,642,966	945,344
Presented as:		
Non-current	975,537	332,186
Current	667,429	613,158
	1,642,966	945,344

The maturity analysis of lease liabilities of the Group at the end of the reporting period are as follows:

	2023 RM	Group 2022 RM
Within one year	727,043	633,324
Later than one year but not later than two years	345,859	161,145
Later than two years but not later than five years	702,697	185,399
	1,775,599	979,868
Less: Future finance charges	(132,633)	(34,524)
Present value of lease liabilities	1,642,966	945,344

The Group leases buildings, motor vehicles and computer server. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities at the reporting date was range from 2.30% to 3.67% (2022: 2.30% to 2.44%).

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19. EMPLOYEE DEFINED BENEFIT PLAN

	2023 RM	Group 2022 RM
Present value of defined benefit obligations	220,201	274,541

The subsidiaries in Indonesia operate an unfunded defined benefit retirement benefit scheme for its employees based on the provisions of Labour Law No. 13/2003. The latest independent actuarial report is dated 15 February 2024.

Movements in the present value of defined benefit obligations of the Group are as follows:

	2023 RM	Group 2022 RM
At 1 January	274,541	331,849
Recognised in profit or loss:		
- Current service costs	57,265	64,948
Remeasurement recognised in other comprehensive income:		
- Effects of changes in financial assumptions	–	3,090
- Effects of experience adjustment	(137,216)	(110,774)
Exchange differences	25,611	(14,572)
At 31 December	220,201	274,541

The principal actuarial assumptions at the end of the reporting period are as follows:

	2023	Group 2022
Discount rate at 31 December	6.7% - 6.8%	7.3%
Expected rate of salary increases	4.0%	5.0%
Normal retirement age	58 years	55 years

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19. EMPLOYEE DEFINED BENEFIT PLAN (CONT'D)Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations of the Group are as follows:

	+1% RM	Group -1% RM
2023		
Increase/(Decrease) of present value of unfunded obligations		
- Discount rates	(53,022)	62,185
- Expected salary	62,040	(53,063)
2022		
Increase/(Decrease) of present value of unfunded obligations		
- Discount rates	(60,674)	69,838
- Expected salary	69,651	(60,751)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

20. TRADE PAYABLES

	2023 RM	Group 2022 RM
Trade payables		
- Related party	-	125,009
- Third parties	3,361,046	3,625,337
	3,361,046	3,750,346

Related party represents associate of the Company. The trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days) depending on the terms of the contracts.

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21. OTHER PAYABLES

		Group		Company
Note	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	2,807,872	2,836,843	–	1,887
Accruals	1,623,515	974,690	94,500	84,500
Provision for liquidated damages (a)	–	782,500	–	–
	4,431,387	4,594,033	94,500	86,387

(a) Provision for liquidated damages

Provision for liquidated damages represents liquidated damages compensation of SGD250,000 to a customer for late commissioning of the system pursuant to the Principal Agreement dated 31 May 2021.

Movements of provision for liquidated damages is as follows:

	Group	
	2023 RM	2022 RM
At 1 January	782,500	782,500
Payment made	(782,500)	–
At 31 December	–	782,500

22. REVENUE

	Group	
	2023 RM	2022 RM
Revenue from contracts with customers		
Sale of goods	17,553,004	11,622,391
Rendering of services	23,894,727	18,262,774
	41,447,731	29,885,165
Timing of revenue recognition		
At a point in time	29,089,133	18,543,907
Over time	12,358,598	11,341,258
Total revenue from contracts with customers	41,447,731	29,885,165

Revenue from contracts customers recognised for the Group in the current financial year included RM6,091,648 (2022: RM4,046,266) that was included in the contract liabilities at the beginning of the financial year.

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22. REVENUE (CONT'D)

Set below is the disaggregation of the Group's revenue from contracts with customers:

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
Group				
2023				
Type of goods and services				
Sale of goods	14,352,504	3,200,500	–	17,553,004
Rendering of services	10,590,507	–	13,304,220	23,894,727
Total revenue from contracts with customers	24,943,011	3,200,500	13,304,220	41,447,731
Geographical market				
Malaysia	5,620,438	2,682,708	2,175,013	10,478,159
Vietnam	5,381,963	112,861	1,657,938	7,152,762
Philippines	5,457,946	–	2,244,178	7,702,124
Indonesia	2,293,297	404,931	4,090,876	6,789,104
United States	122,949	–	11,510	134,459
Singapore	3,614,852	–	2,167,623	5,782,475
Others	2,451,566	–	957,082	3,408,648
	24,943,011	3,200,500	13,304,220	41,447,731
Timing of revenue recognition				
At a point in time	24,609,231	3,200,500	1,279,402	29,089,133
Over time	333,780	–	12,024,818	12,358,598
Total revenue from contracts with customers	24,943,011	3,200,500	13,304,220	41,447,731
2022				
Type of goods and services				
Sale of goods	10,674,739	946,010	1,642	11,622,391
Rendering of services	6,312,324	–	11,950,450	18,262,774
Total revenue from contracts with customers	16,987,063	946,010	11,952,092	29,885,165
Geographical market				
Malaysia	2,993,351	599,244	1,633,871	5,226,466
Vietnam	4,441,097	22,706	1,392,814	5,856,617
Philippines	3,548,649	85,128	1,919,922	5,553,699
Indonesia	1,631,245	238,932	4,339,726	6,209,903
United States	193,059	–	15,857	208,916
Singapore	1,888,588	–	1,902,093	3,790,681
Others	2,291,074	–	747,809	3,038,883
	16,987,063	946,010	11,952,092	29,885,165

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(Cont'd)

22. REVENUE (CONT'D)

Set below is the disaggregation of the Group's revenue from contracts with customers: (Cont'd)

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
Group				
2022				
Timing of revenue recognition				
At a point in time	16,599,397	946,010	998,500	18,543,907
Over time	387,666	–	10,953,592	11,341,258
Total revenue from contracts with customers	16,987,063	946,010	11,952,092	29,885,165

23. COST OF SALES

	2023 RM	Group 2022 RM
Sale of goods	9,019,521	5,301,158
Services rendered	8,308,974	6,804,298
	17,328,495	12,105,456

24. FINANCE COSTS

	2023 RM	Group 2022 RM
Interest expenses on:		
Lease liabilities	40,976	40,035
Unwinding interest on non-current trade receivable	255,460	–
	296,436	40,035

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25. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory				
- UHY	110,000	100,000	82,000	75,000
- member firms of UHY				
International	59,843	53,935	-	-
- non-statutory	5,000	5,000	5,000	5,000
Allowance for slow moving inventories	-	82,651	-	-
Depreciation of:				
- property, plant and equipment	512,058	578,612	-	-
- right-of-use assets	844,860	761,368	-	-
Impairment losses on:				
- investment in an associate	1,700,000	-	1,700,000	-
- other investments	4,000,000	-	4,000,000	-
- trade receivables	39,496	8,550	-	-
Inventories written off	15,603	38,103	-	-
Non-executive Directors' remuneration				
- fees	114,000	114,000	114,000	114,000
- allowances	5,400	5,400	5,400	5,400
Lease expenses relating to short-term leases				
- office	38,016	35,798	-	-
- hostel	30,300	29,400	-	-
Property, plant and equipment written off	1,426	870	-	-
Compensation from an associate	(2,000,000)	-	(2,000,000)	-
Dividend income from:				
- an associate	-	-	(200,000)	-
- others	-	(2,801)	-	-
Gain on disposal of:				
- investment in an associate	(962,670)	-	(600,000)	-
- property, plant and equipment	(39,814)	(599)	-	-
- right-of-use assets	(76,420)	-	-	-
Loss/(Gain) on foreign exchange				
- unrealised	28,139	(93,765)	(1,591)	168
- realised	155,201	(54,573)	1,558	(5,707)
Interest income	(239,107)	(209,154)	(23,768)	(43,630)
Reversal of impairment losses on trade receivables	(34,437)	(28,188)	-	-
Reversal of allowance for slow moving inventories	(2,720)	-	-	-

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26. TAXATION

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Tax expenses recognised in profit or loss				
Current tax provision				
- Malaysian tax	5,201	–	–	–
- Foreign tax	1,270,156	989,371	–	–
Under provision in prior year	26,843	–	–	–
	1,302,200	989,371	–	–
Deferred tax (Note 9)				
Relating to origination and reversal of temporary differences	(117,993)	(49,960)	–	–
	1,184,207	939,411	–	–
Tax expenses relating to item of other comprehensive income that will not be reclassified to profit or loss				
Deferred tax (Note 9)				
Relating to origination and reversal of temporary differences	28,868	23,690	–	–

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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26. TAXATION (CONT'D)

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	211,883	(857,971)	(3,280,177)	(399,921)
At Malaysian statutory tax rate of 24% (2022: 24%)	50,851	(205,913)	(787,242)	(95,981)
Effect of different tax rate in other jurisdictions	(112,655)	(68,507)	–	–
Expenses not deductible for tax purposes	3,449,216	1,959,053	1,411,242	107,821
Income not subject to tax	(2,337,711)	(1,609,347)	(624,000)	(11,840)
Deferred tax assets not recognised	421,940	864,125	–	–
Utilisation of previously unrecognised tax losses	(314,277)	–	–	–
Under provision of income tax in prior year	26,843	–	–	–
Tax expenses for the financial year	1,184,207	939,411	–	–

The Group has the following estimated unutilised capital allowances and unused tax losses available for offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group	
	2023 RM	2022 RM
Unutilised capital allowances	1,955,810	1,766,519
Unused tax losses	15,225,106	14,650,774
	17,180,916	16,417,293

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27. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	2023	Group 2022
Loss for the financial year, attributable to owners of the parent (RM)	(890,586)	(1,723,299)
Weighted average number of ordinary shares in issue (in units)		
- Ordinary shares in issue at 1 January	576,506,000	576,506,000
- Conversion of warrants	536,986	–
Weighted average number of ordinary shares in issue at 31 December	577,042,986	576,506,000
Basic loss per ordinary share (sen)	(0.15)	(0.30)

(b) Diluted loss per share

Financial year ended 31 December 2023

The Group has no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

Financial year ended 31 December 2022

The Group has no dilution in their loss per ordinary share as the exercise price of the warrants has exceeded the average market price per ordinary share during the financial year. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

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28. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	12,910,654	11,890,747	600	600
Defined contribution plans	1,261,918	1,199,641	–	–
Social security contributions	158,431	122,787	–	–
Other benefits	256,245	301,959	–	–
Defined benefit plans	57,265	64,948	–	–
	14,644,513	13,580,082	600	600

The staff costs of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000 (2022: RM15,000).

Included in staff costs is aggregate amount of remuneration received by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors				
Company's Directors				
Salaries and other emoluments	1,075,850	1,075,850	600	600
Defined contribution plans	129,030	129,030	–	–
Social security contributions	2,080	1,798	–	–
Other benefits	238	206	–	–
	1,207,198	1,206,884	600	600
Executive Directors				
Subsidiaries' Directors				
Salaries and other emoluments	244,309	250,568	–	–
Defined contribution plans	34,506	35,257	–	–
Social security contributions	1,040	899	–	–
Other benefits	43,319	43,303	–	–
	323,174	330,027	–	–
Total	1,530,372	1,536,911	600	600

The Directors' remuneration of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000 (2022: RM15,000).

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29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group arising from financing activities, both cash and non-cash changes:

	Note	At 1 January RM	Financing cash flows (i) RM	New lease [Note 5(b)] RM	Other changes (ii) RM	At 31 December RM
Group						
2023						
Lease liabilities	18	945,344	(782,672)	1,461,743	18,551	1,642,966
2022						
Lease liabilities	18	1,355,271	(692,340)	271,546	10,867	945,344
Company						
2023						
Amount due to a subsidiary	14	4,200,000	(1,000,000)	-	-	3,200,000
2022						
Amount due to a subsidiary	14	-	4,200,000	-	-	4,200,000

- (i) The financing cash flows represents payment of lease liabilities and net advances from/repayment to a subsidiary in the statements of cash flows.
- (ii) Other changes represent lease modification and exchange differences.

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31 December 2023

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30. RELATED PARTY DISCLOSURES**(a) Identifying related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2023 RM	Group 2022 RM
Company		
Transaction with an associate:		
- Dividend income	200,000	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Fees	114,000	114,000	114,000	114,000
Salaries and others emoluments	2,256,045	2,259,419	6,000	6,000
Defined contribution plans	279,117	278,868	-	-
Social security contributions	7,279	6,293	-	-
Others	73,432	67,920	-	-
	2,729,873	2,726,500	120,000	120,000

The remuneration of Directors and other members of key management of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000 (2022: RM15,000).

NOTES TO THE FINANCIAL STATEMENTS

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31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and service as follows:

Digital security solutions	Provision of digital security solutions
Electronic identification products	Sales of smart cards, smart card readers, finger print readers, barcode scanners and barcode printers
Others	Provision of support and maintenance services, labelling and packaging

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
2023				
Total revenue	29,649,811	3,206,589	15,308,038	48,164,438
Inter-segment revenue	(4,706,800)	(6,089)	(2,003,818)	(6,716,707)
Revenue from external customers	24,943,011	3,200,500	13,304,220	41,447,731
Cost of sales	(10,373,344)	(1,302,822)	(5,652,329)	(17,328,495)
Segment gross profit	14,569,667	1,897,678	7,651,891	24,119,236
Financial results				
Segment results				2,104,192
Interest income				239,107
Depreciation of:				
- property, plant and equipment				(512,058)
- right-of-use assets				(844,860)
Finance costs				(296,436)
Share of results of an associate, net of tax				(478,062)
Profit before tax				211,883
Taxation				(1,184,207)
Loss for the financial year				(972,324)

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31. SEGMENT INFORMATION (CONT'D)

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
2022				
Total revenue	20,474,666	1,042,463	14,170,590	35,687,719
Inter-segment revenue	(3,487,603)	(96,453)	(2,218,498)	(5,802,554)
Revenue from external customers	16,987,063	946,010	11,952,092	29,885,165
Cost of sales	(6,741,062)	(403,434)	(4,960,960)	(12,105,456)
Segment gross profit	10,246,001	542,576	6,991,132	17,779,709
Financial results				
Segment results				217,413
Interest income				209,154
Depreciation of:				
- property, plant and equipment				(578,612)
- right-of-use assets				(761,368)
Finance cost				(40,035)
Share of results of an associate, net of tax				95,477
Loss before tax				(857,971)
Taxation				(939,411)
Loss for the financial year				(1,797,382)

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31. SEGMENT INFORMATION (CONT'D)

(a) Other non-cash items consist of following as presented in the respective notes to the financial statements:

	2023 RM	2022 RM
Other non-cash items		
Allowance for slow moving inventories	–	82,651
Impairment losses on:		
- investment in an associate	1,700,000	–
- other investments	4,000,000	–
- trade receivables	39,496	8,550
Inventories written off	15,603	38,103
Gain on disposal of:		
- investment in an associate	(962,670)	–
- property, plant and equipment	(39,814)	(599)
- right-of-use assets	(76,420)	–
Property, plant and equipment written off	1,426	870
Reversal of impairment losses on trade receivables	(34,437)	(28,188)
Reversal of allowance for slow moving inventories	(2,720)	–
Unrealised loss/(gain) on foreign exchange	28,139	(93,765)
	4,668,603	7,622

(b) Adjustments and eliminations

Interest income, finance costs, depreciation and other non-cash items are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes and deferred taxes are not allocated to individual segments as the underlying instruments are managed on a group basis.

Inter-segment revenue is eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

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31. SEGMENT INFORMATION (CONT'D)

(c) Geographic information

Revenue, non-current assets and capital expenditure information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets		Capital expenditure	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Malaysia	10,478,159	5,226,466	2,024,032	1,233,888	1,718,113	130,603
Vietnam	7,152,762	5,856,617	152,152	222,168	98,897	4,713
Philippines	7,702,124	5,553,699	280,147	312,439	103,769	351,444
Indonesia	6,789,104	6,209,903	786,289	162,927	746,798	136,547
United States	134,459	208,916	—	—	—	—
Singapore	5,782,475	3,790,681	11,355	14,715	1,806	16,165
Others	3,408,648	3,038,883	—	—	—	—
	41,447,731	29,885,165	3,253,975	1,946,137	2,669,383	639,472

Non-current assets for this purpose consist of property, plant and equipment and right-of-use assets.

Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

(d) Major customers

No customer revenue equal or more than 10% of the Group's revenue.

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32. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expense, including fair value gains or losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Financial asset at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Group 2023				
Financial Assets				
Other investments	6,095,250	–	–	6,095,250
Trade receivables	–	8,008,881	–	8,008,881
Other receivables *	–	1,056,659	–	1,056,659
Fixed deposits with licensed banks	–	5,549,135	–	5,549,135
Cash and bank balances	–	17,280,107	–	17,280,107
	6,095,250	31,894,782	–	37,990,032
Financial Liabilities				
Trade payables	–	–	3,361,046	3,361,046
Other payables	–	–	4,431,387	4,431,387
Lease liabilities	–	–	1,642,966	1,642,966
	–	–	9,435,399	9,435,399
Group 2022				
Financial Assets				
Other investments	10,095,250	–	–	10,095,250
Trade receivables	–	7,758,221	–	7,758,221
Other receivables *	–	299,029	–	299,029
Fixed deposits with licensed banks	–	7,431,424	–	7,431,424
Cash and bank balances	–	15,561,057	–	15,561,057
	10,095,250	31,049,731	–	41,144,981
Financial Liabilities				
Trade payables	–	–	3,750,346	3,750,346
Other payables	–	–	4,594,033	4,594,033
Lease liabilities	–	–	945,344	945,344
	–	–	9,289,723	9,289,723

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32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

	Financial asset at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Company				
2023				
Financial Assets				
Other investments	6,095,250	–	–	6,095,250
Other receivables *	–	514,200	–	514,200
Amount due from a subsidiary	–	7,273,002	–	7,273,002
Cash and bank balances	–	1,659,654	–	1,659,654
	6,095,250	9,446,856	–	15,542,106
Financial Liabilities				
Other payables	–	–	94,500	94,500
Amount due to a subsidiary	–	–	3,200,000	3,200,000
	–	–	3,294,500	3,294,500
2022				
Financial Assets				
Other investments	10,095,250	–	–	10,095,250
Other receivables *	–	1,000	–	1,000
Amount due from a subsidiary	–	5,813,002	–	5,813,002
Cash and bank balances	–	2,721,401	–	2,721,401
	10,095,250	8,535,403	–	18,630,653
Financial Liabilities				
Other payables	–	–	86,387	86,387
Amount due to a subsidiary	–	–	4,200,000	4,200,000
	–	–	4,286,387	4,286,387

* exclude prepayments, deferred costs and Goods and Services Tax receivable

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32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade and other receivables and deposits with banks. The Company's exposure to credit risk arises principally from deposits with banks and amount due from a subsidiary. There are no significant changes as compared to prior year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

At each reporting date, the Group assesses whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration of credit risks except as disclosed in Note 10. The Company has no significant concentration of credit risks except for amount due from a subsidiary where the risk of default is assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

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32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

Group	On demand or	1 to 2	2 to 5	Total	Total
2023	within 1 year	years	years	contractual	carrying
	RM	RM	RM	cash flows	amount
				RM	RM
Non-derivative financial liabilities					
Trade payables	3,361,046	-	-	3,361,046	3,361,046
Other payables	4,431,387	-	-	4,431,387	4,431,387
Lease liabilities	727,043	345,859	702,697	1,775,599	1,642,966
Financial guarantees #	23,715	-	-	23,715	-
	8,543,191	345,859	702,697	9,591,747	9,435,399
2022					
Non-derivative financial liabilities					
Trade payables	3,750,346	-	-	3,750,346	3,750,346
Other payables	4,594,033	-	-	4,594,033	4,594,033
Lease liabilities	633,324	161,145	185,399	979,868	945,344
Financial guarantees #	22,243	-	-	22,243	-
	8,999,946	161,145	185,399	9,346,490	9,289,723

Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2023			
Non-derivative financial liabilities			
Other payables	94,500	94,500	94,500
Amount due to a subsidiary	3,200,000	3,200,000	3,200,000
	3,294,500	3,294,500	3,294,500
2022			
Non-derivative financial liabilities			
Other payables	86,387	86,387	86,387
Amount due to a subsidiary	4,200,000	4,200,000	4,200,000
	4,286,387	4,286,387	4,286,387

(iii) Market risks

(1) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Euro (EUR) and Chinese Yuan (CNY).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risks (Cont'd)****(1) Foreign currency risk (Cont'd)**

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	USD RM	EUR RM	CNY RM	Total RM
Group				
2023				
Trade receivables	1,715,381	227,523	–	1,942,904
Cash and bank balances	1,418,154	41,536	–	1,459,690
Trade payables	(2,045,767)	(921,378)	–	(2,967,145)
	1,087,768	(652,319)	–	435,449
2022				
Trade receivables	2,838,810	–	–	2,838,810
Cash and bank balances	1,090,289	49,068	–	1,139,357
Trade payables	(2,128,908)	(792,625)	(821,538)	(3,743,071)
	1,800,191	(743,557)	(821,538)	235,096
			Denominated in USD	
			2023	2022
			RM	RM
Company				
Cash and bank balances			414	739

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(1) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's loss before tax to a reasonably possible change in the USD, EUR and CNY exchange rates against RM, with all other variables held constant.

	Change in currency rate	2023 Effect on profit before tax RM	Change in currency rate	2022 Effect on loss before tax RM
Group				
USD	Strengthened 10% Weakened 10%	108,777 (108,777)	Strengthened 10% Weakened 10%	180,019 (180,019)
EUR	Strengthened 10% Weakened 10%	(65,232) 65,232	Strengthened 10% Weakened 10%	(74,356) 74,356
CNY	Strengthened 10% Weakened 10%	– –	Strengthened 10% Weakened 10%	(82,154) 82,154
Company				
USD	Strengthened 10% Weakened 10%	41 (41)	Strengthened 10% Weakened 10%	74 (74)

(2) Interest rate risk

The Group's investment in fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risks (Cont'd)****(2) Interest rate risk (Cont'd)**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period was:

	2023 RM	2022 RM
Group		
<i>Fixed rate instruments</i>		
Fixed deposits with licensed banks	5,549,135	7,431,424
Lease liabilities	(1,642,966)	(945,344)
	3,906,169	6,486,08

33. CAPITAL MANAGEMENT

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

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

The Group and the Company monitor capital using a gearing ratio, which is the net debt divided by total equity. The Group and the Company include within net debt, lease liabilities less cash and cash equivalents. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Lease liabilities	1,642,966	945,344	–	–
Less: Cash and cash equivalents	(22,389,783)	(22,565,020)	(1,659,654)	(2,721,401)
Excess funds	(20,746,817)	(21,619,676)	(1,659,654)	(2,721,401)
Total equity	41,170,965	40,918,279	34,290,225	37,480,802
Gross gearing ratio (times)	0.04	0.02	#	#
Net gearing ratio (times)	*	*	#	#

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

33. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitor capital using a gearing ratio, which is the net debt divided by total equity. The Group and the Company include within net debt, lease liabilities less cash and cash equivalents. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows: (Cont'd)

- * Net gearing ratio is not applicable for the Group as the cash and cash equivalents as at 31 December 2023 and 31 December 2022 is sufficient to cover the entire borrowing obligation.
- # Gearing ratio is not applicable to the Company as the Company has no loans and borrowings as at 31 December 2023 and 31 December 2022.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

34. FINANCIAL GUARANTEES

	2023 RM	Group 2022 RM
Secured		
Bank guarantees provided to customers to secure performance under contracts	23,715	22,243

35. COMPARATIVE INFORMATION

The following reclassification were made to the financial statements of prior year to be consistent with current year presentation.

	As previously stated RM	Reclassification RM	As restated RM
Statements of Cash Flows			
Group			
Operating Activities			
Changes in working capital:			
Amount due from/to subsidiaries	1,628,000	(1,628,000)	–
Investing Activities			
Net movement in amount due from a subsidiary	–	(2,572,000)	(2,572,000)
Financing Activities			
Net movement in amount due to a subsidiary	–	4,200,000	4,200,000

36. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution Directors on 26 April 2024.

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

Total Number of Issued Shares	:	577,066,000 Shares
Issued Share Capital	:	RM 41,399,638.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 to 99	1	0.04	20	negligible
100 to 1,000	206	8.34	115,580	0.02
1,001 to 10,000	773	31.30	5,154,800	0.89
10,001 to 100,000	1,133	45.87	47,838,600	8.29
100,001 to less than 5% of issued shares	354	14.33	313,446,436	54.32
5% and above of issued shares	3	0.12	210,510,564	36.48
TOTAL :	2,470	100.00	577,066,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Clifton Heath Fernandez	–	–	–	–
Law Seeh Key	175,675,210	30.44	–	–
Yong Kim Fui	6,886,200	1.19	–	–
Shireen Chia Yin Ting	–	–	–	–
Dato' Ng Wan Peng	–	–	–	–

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Law Seeh Key	175,675,210	30.44	–	–
Phillip Securities (Hong Kong) Ltd				
Affin Hwang Nominees (Asing) Sdn. Bhd.	40,000,000	6.93	–	–

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 APRIL 2024

No.	Name of Shareholders	No. of Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAW SEEH KEY</i>	89,510,564	15.51
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAW SEEH KEY</i>	81,000,000	14.04
3.	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)</i>	40,000,000	6.93
4.	LI JIANJUN	24,024,000	4.16
5.	NIOO YU SIONG	23,175,790	4.02
6.	LOW LAY PING	15,807,600	2.74
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE</i>	15,473,300	2.68
8.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN BHD (MY2080)</i>	11,675,000	2.02
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHA WEAY CHIA</i>	11,460,000	1.99
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH LIAN SIM</i>	10,000,000	1.73
11.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)</i>	9,199,800	1.59
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK PRIVATE WEALTH MANAGEMENT FOR KOH THUAN TECK (PW-M00971) (422076)</i>	8,000,000	1.39
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHD AFRIZAN BIN HUSAIN</i>	7,500,000	1.30
14.	YONG KIM FUI	6,886,200	1.19
15.	LAW SEEH KEY	5,164,646	0.89
16.	ENG TZE KIAT	4,897,900	0.85
17.	APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TAN KAY YEN (MARGIN)</i>	4,150,000	0.72
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JASON CHING CHOU-YI</i>	3,475,000	0.60
19.	LEE KAO CHOON	3,000,000	0.52
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)</i>	2,924,000	0.51

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 APRIL 2024 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR OOI BENG HOOI</i>	2,900,000	0.50
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SOE AIK KEONG (6000972)</i>	2,600,000	0.45
23.	CHAN JEE CHET	2,500,000	0.43
24.	APEX SECURITIES BERHAD IVT PDR 201 LEONARD CHIN YEN HAW	2,353,900	0.41
25.	KOK CHANG CHEE	2,300,000	0.40
26.	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH HENG TIAN</i>	2,200,000	0.38
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR LIM WENN HUEI</i>	2,168,300	0.38
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEOW CHEE KEONG</i>	2,000,000	0.35
29.	HLIB NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG BANK BHD FOR CHONG CHIN CHEN</i>	1,720,000	0.30
30.	YAP KIAN PENG	1,700,100	0.29
Total		399,766,100	69.27

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting (“7th AGM”) of the Company will be held at Auditorium Hive 5, Taman Teknologi Mranti, Lebuhraya Puchong - Sg. Besi, 57000 Bukit Jalil, Kuala Lumpur on Thursday, 30 May 2024 at 2.30 p.m., for the following purposes:

AGENDA

ORDINARY BUSINESS

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ and Audit Reports thereon. | Please refer to
Explanatory Note 1 |
| 2. | To approve the following payments: | |
| | (a) Directors’ fees to the Non-Executive Directors of up to RM150,000.00 from Seventh Annual General Meeting until the next Annual General Meeting. | Ordinary Resolution 1 |
| | (b) Directors’ allowances to the Non-Executive Directors of up to RM10,000.00 from Seventh Annual General Meeting until the next Annual General Meeting. | Ordinary Resolution 2 |
| 3. | To re-elect the following Directors who are retiring in accordance with Clause 97 of the Company’s Constitution: | |
| | (a) Mr. Clifton Heath Fernandez | Ordinary Resolution 3 |
| | (b) Dato’ Ng Wan Peng | Ordinary Resolution 4 |
| 4. | To re-appoint Messrs. UHY as the Company’s Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution:

- | | | |
|----|---|---|
| 5. | AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | Ordinary Resolution 6 |
| | <p>“THAT subject always to the Companies Act 2016 (“Act”), Constitution of the Company, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.</p> | Please refer to
Explanatory Note 2 |

AND FURTHER THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clause 54 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.”

NOTICE OF SEVENTH ANNUAL GENERAL MEETING
(CONT'D)

6. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board
SECUREMETRIC BERHAD

WONG YOUN KIM
Company Secretary

Kuala Lumpur

Dated this 30th day of April, 2024

NOTES:

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
2. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. The duly completed Form of Proxy must be deposited at the registered office of the Company at Acclime Corporate Services Sdn. Bhd., Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.
8. **General Meeting Record of Depositors**

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 May 2024. Only a depositor whose name appears on the Record of Depositors as at 23 May 2024 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Item 1 of the Agenda - Audited Financial Statement for the Financial Year Ended 31 December 2023

The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

2. Ordinary Resolution 6 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6 under item 5 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate sought for issue of shares is a renewal of the mandate approved by the shareholders at the last AGM held on 26 May 2023 which will lapse at the conclusion of this 7th AGM.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 26 May 2023. The general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisition(s).

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are seeking re-election as Director or continuing in office as Independent Non-Executive Director at the 7th AGM of the Company are:

- (a) Mr. Clifton Heath Fernandez (Clause 97 of the Company's Constitution)
- (b) Dato' Ng Wan Peng (Clause 97 of the Company's Constitution)

Mr. Clifton Heath Fernandez and Dato' Ng Wan Peng have no conflict of interest or potential conflict of interest including any interest in any competitor business with the Company or its subsidiaries.

The Board of Directors, taking into the recommendation of Nomination Committee, supported the above-mentioned Directors of their re-election as Director at the 7th AGM of the Company.

Based on the assessment and evaluation conducted by the Nomination Committee, the retiring Directors met the performance criteria required of an effective and a high-performance Board. In addition, all the Independent Non-Executive Directors have also provided annual declaration/confirmation of independence respectively.

The profiles of the above Directors who are seeking re-election are set out in the Profile of Directors as disclosed on Pages 13 and 15 of the Annual Report.

The details of the above Directors' interest in the securities of the Company are stated on page 143 of the Annual Report.

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)
(Incorporated in Malaysia)

I/We
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

being a member/members of **SECUREMETRIC BERHAD**, hereby appoint the following person(s) or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Seventh Annual General Meeting of the Company to be held at Auditorium Hive 5, Taman Teknologi Mranti, Lebuhraya Puchong - Sg. Besi, 57000 Bukit Jalil, Kuala Lumpur on Thursday, 30 May 2024 at 2.30 p.m. and any adjournment thereof:

Name of Proxy, NRIC No. & Address

No. of Shares to be
represented by Proxy

1. Name:
NRIC No.:
Mobile number:
Email address:
Address:

2. Name:
NRIC No.:
Mobile number:
Email address:
Address:

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of the following payments : (a) Directors' fees to the Non-Executive Directors of up to RM150,000.00 from Seventh Annual General Meeting until the next Annual General Meeting (b) Directors' allowances to the Non-Executive Directors of up to RM10,000.00 from Seventh Annual General Meeting until the next Annual General Meeting	Ordinary Resolution 1 Ordinary Resolution 2		
2.	Re-election of Mr. Clifton Heath Fernandez	Ordinary Resolution 3		
3.	Re-election of Dato' Ng Wan Peng	Ordinary Resolution 4		
4.	Re-appointment of Messrs. UHY as Auditors	Ordinary Resolution 5		
5.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 6		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	
CDS A/C No.	
Mobile No.	
Email address	

.....
Date

.....
Signature of Shareholder



NOTES:

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
2. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. The duly completed Form of Proxy must be deposited at the registered office of the Company at Acclime Corporate Services Sdn. Bhd., Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) before the time for holding the meeting or any adjournment thereof.
8. **General Meeting Record of Depositors**
For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 May 2024. Only a depositor whose name appears on the Record of Depositors as at 23 May 2024 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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AFFIX
STAMP

The Company Secretary

SECUREMETRIC BERHAD
Registration No. 201701019864 (1234029-D)
c/o
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