



# SMTRACK

**ANNUAL  
REPORT  
2023**

STAYING A STEP AHEAD  
**FOR A BETTER FUTURE**

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## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Dato' Sri Shaharuddin Bin Khalid Independent Non-Executive Chairman	Datuk Azmi Bin Osman Deputy Executive Chairman
	Dato' Zaidi Bin Mat Isa @ Hashim Executive Director	Dato' Saiful Nizam bin Mohd Yusoff Executive Director Redesignated on 1 July 2022
	Datuk Seri Tan Choon Hwa Vice President, Non-Independent Non-Executive Director Re-appointed on 7 January 2022	Cheah Ben Lee Independent Non-Executive Director Appointed on 25 November 2022
	Mahnorizal Bin Mahat Senior Independent Non-Executive Director	Chua Ser Terk Independent Non-Executive Director Appointed on 25 November 2022
	Lam Hwan Chui Independent Non-Executive Director Appointed on 27 December 2022	

### AUDIT & RISK MANAGEMENT COMMITTEE

Mahnorizal Bin Mahat (*Chairman*)

Cheah Ben Lee (*Member*)  
(Appointed on 25 November 2022)

Chua Ser Terk (*Member*)  
(Appointed on 25 November 2022)

### NOMINATION COMMITTEE

Chua Ser Terk (*Chairman*)  
(Appointed on 25 November 2022)

Mahnorizal Bin Mahat (*Member*)  
(Re-designated on 25 November 2022)

Cheah Ben Lee (*Member*)  
(Appointed on 25 November 2022)

### COMPANY SECRETARY

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

### REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Tel: (603) 22806388  
Fax: (603) 22806399  
Email: [lstcomalaysia@acclime.com](mailto:lstcomalaysia@acclime.com)

### HEAD OFFICE

Unit 29-7, 7th Floor, The Boulevard  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Wilayah Persekutuan  
Tel: (603) 22013211 Fax: (603) 22013210  
Website: <http://www.smtrackberhad.my>  
Email: [admin@smtrackberhad.my](mailto:admin@smtrackberhad.my)

### REMUNERATION COMMITTEE

Datuk Azmi Bin Osman (*Chairman*)

Mahnorizal Bin Mahat (*Member*)

Chua Ser Terk (*Member*)  
(Appointed on 25 November 2022)

### AUDITORS

ChengCo PLT (AF 0886)  
Wisma Cheng & Co  
No. 8-1, 10-1 & 10-2, Jalan 2/114  
Kuchai Business Centre  
Off Jalan Klang Lama  
58200 Kuala Lumpur  
Tel: (603) 7984 8988  
Fax: (603) 7984 4402

### PRINCIPLE BANKERS

CIMB Bank Berhad (13491-P)

### SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd (378993-D)  
11th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7890 4700  
Fax: (603) 7890 4670

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad  
Stock Name: SMTRACK  
Stock Code: 0169  
Sector: Technology

## CORPORATE PROFILE

SMTrack Berhad ("SMTrack") was listed in the ACE Market of Bursa Malaysia Securities Berhad in 2011. During our IPO, SMTrack was more than 300 times over-subscribed, one of the highest ever recorded over option on the Malaysian Stock Exchange. Its primary business activity is in information technology in general and in this respect its specialty is in providing online track and trace solutions and platforms using its state of the art RFID technology coupled with a first-class tracking engine dubbed as SMTrack.

SMTrack had acquired a subsidiary called Asia Cargo Wings Sdn Bhd (formerly known as Citilink Aviation (M) Sdn Bhd) to carry out cargo airfreight business in July 2019, recognizes to be the potential of Air Freight Services needs and to be based in Kuala Lumpur International Airport's (KLIA). The uniqueness of KLIA Airport position in the regional and national economy and its desire to derive added value from its location in the midst of a region of high - level commercial, transportation and logistics activities. With the aircraft fleet of Boeing 737-400 series, SMTrack had projected to ensure that the operating cost will be kept as low as possible to generate maximum revenue while offering a reliable service with reasonable fare. In view of the high demand for air cargo services, SMTrack had begun to transport air cargo with cargo business collaboration with Cainiao. SMTrack outlook for air cargo industry is likely to remain stable in the near term due to the sustained demand for air cargo services from the growth in e-commerce transactions, the use of air cargo services to transport high value-to weight ratio goods, as well as the growth in international and domestic trade activities.

In 2022, SMTrack had diversify into the beauty and wellness industry by inking an agreement with Gan and GWT Wellness Sdn Bhd to acquire a 30% stake in V Ultimate Sdn Bhd for RM18 million to be fully satisfied via the issuance of 211,764,705 consideration shares.

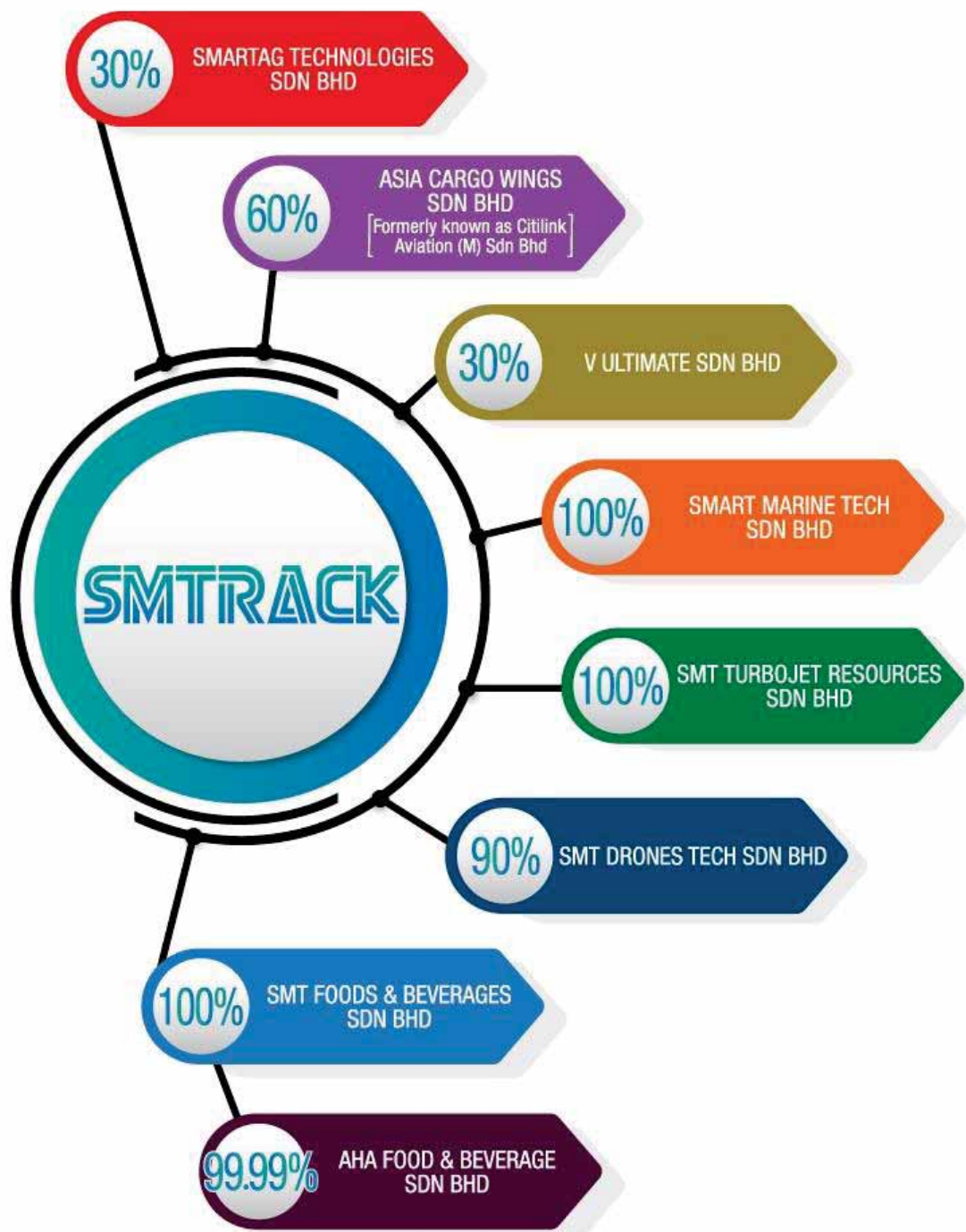
In 2023, SMTrack again diversified their business into property related business, oil & gas and foods & beverages business in line with the group's objective to expand its revenue stream by diversifying into other viable businesses. We believe that by venturing into the property-related industry, it should provide a pool of additional income streams and an income base given the optimistic outlook in the property development sector. This sector is gradually recovering from the epidemic following the reopening of the economy and national borders.

SMTrack also stated that by venturing into support services for the Oil and Gas (O&G) industry, it can improve the group's financial performance and also reduce its dependence on existing businesses. Regarding the Foods and Beverages (F&B) business, SMTrack believe the segment is expected to be one of the group's stable businesses. The F&B segment is expected to contribute positively to its earnings taking into account the profit guarantee provided under the Share Sale and Purchase agreement (SSPA) and the favorable outlook and prospects of the F&B service industry.



## GROUP STRUCTURE

The corporate structure of SMTrack and its subsidiaries and jointly controlled entity (“**Group**”) is as follows:



## LETTER TO SHAREHOLDERS

*Dear Fellow Shareholders,*



2022 has been a year of hope, recovery, new challenges and opportunities. After the most difficult period in our history, we have finally begun to recover from the devastating impact of the Coronavirus Disease 2019 ("COVID-19") pandemic on our people and the business. The geographical diversity of our operations, and their leadership positions in the markets in which they operate, have provided us with the resilience to meet challenges head on.

In 2023, global growth is expected to further soften on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies.

Looking ahead, while we foresee potential headwinds in 2023 from global economic uncertainties coupled with recessionary and inflationary pressures, we remain cautiously optimistic in the longer term. The Group will work towards overcoming the challenges it faces and strives to turnaround the Group's financial performance in the coming years to better figures through various measures and strategies.

Further to the existing businesses, our Group has been actively identifying other business opportunities to expand its revenue stream. In this regard, the Group have entered into a new business activity i.e., provision of beauty and wellness products and services.

Taking into consideration the profitable position of the acquired health and wellness during the financial period as well as the positive outlook of the beauty and wellness industry in Malaysia, the health and wellness massive potential. We have significantly to improve the financial performance and financial position of our Group. Further, our Group intends to continue with the businesses of as usual, leveraging on the expert.

As for aviation segment, we are expected and looking forward to pursue the business to start very soon. We currently have a fleet of Boeing 737-400 series, Bombardier Challenger 601, Autonomous Aerial Vehicle (AAV) EHang 216 as well as Airbus Eurocopter AS355 F2. We are confident that our aviation segment will contribute massively to the Group in the near future.

We are also pleased to inform that our Group have diversified our business into property related business, O&G and F&B. The rationale for the proposed diversifications is in line with our Group's objective to expand our revenue stream by diversifying into viable business, which would enhance profitability and shareholders' value in the longer term.

I would like to extend my sincere appreciation to all Board members for their invaluable counsel, insight, guidance and support to the Group. Our teams have proven time and again, their ability to operate adeptly through uncertainty and changes in the business environment. I wish to thank our management teams and employees for their dedicated work and adaptive approach in managing the challenges faced.

My appreciation is also extended to all our stakeholders including our valued shareholders, regulatory authorities, governing agencies, business partners, customers and suppliers for their unwavering confidence in us. Together, we can continue to weather all challenges and grow stronger.

Further information of SMTRack's performance in the financial period is detailed in the Management Discussion and Analysis on page 6 to page 7.

**Dato' Sri Shaharuddin Khalid**  
**Independent Non-Executive Chairman**

## MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors of SMTrack Berhad, it is my pleasure to present to you the Management Discussion and Analysis (“MDA”) on the Group. The objective of this MDA is to provide shareholders with a better understanding and an overview of the Group’s business, operations, financial position in the year 2023 and the outlook for the year 2024.

### OVERVIEW

SMTrack Berhad is listed on the ACE Market of Bursa Securities under the subsector of technology equipment. The company has an issued share capital of RM 115,134,685.864 comprising 1,204,649,650 shares at 20 September 2023. Accordingly, the concept of “authorised share capital” and “par value” have been abolished.

### FINANCIAL RESULTS REVIEW

The Group had changed its financial year ended from 31 December 2022 to 30 June 2023 to allow the Management/Auditors to understand the Group’s operations fully and plan for the audit accordingly. The Group recorded a revenue of RM15.988 mil for financial period ended 30 June 2023 as compared to RM6.143 mil registered in FPE 2021. This represented an increase of RM9.845 mil or 160.3%. The Group registered a loss after tax and controlling interest of RM15.812 mil as compared to RM7.789 mil in FPE 2021. The increase in loss is due to the impairment assessment on trade receivables and impairment of goodwill incurred in FPE2023.

Total current assets of the Group increased from RM4.279 mil in FPE 2021 to RM26.485 mil in FPE 2023 due to increase in trade receivables and other receivables.

The Group’s current liabilities increased by RM10.778 mil to RM23.403 mil from RM12.625 mil in previous period due to increase in bank borrowing and lease liabilities in FPE2023.

### BUSINESS OVERVIEW, GROWTH & STRATEGY

The Group is principally involved in RFID solutions products. The products are highly in demand due to its uniqueness in design and not much competitive products in the market. The Company aim to diversify into other market segment in order to increase the Group revenue. Initiatives are being planned to increase the staffs in sales and marketing department. Though it is in a planning stage, the Group is optimistic that by increasing staff, more sales will be registered and is a boost to Company’s aspiration to become regional RFID solution providers.

The Group has been actively identifying other business opportunities to expand its revenue stream. In addition to the plan to diversify into beauty and wellness industry, the Property Consultancy Agreement serve as an entry for the Group to venture into the property related industry. Premised on the successful completion of the project, the Group will be able to accumulate sufficient experience to embark on other property management projects on its own without the need to engage any other service provider or consultant to support the Group, which could then reduce the operational cost of the Group.

Moving forward, the Group intends to further expand its involvement in the property sector by venturing into property development via different avenues including joint venture or partnership arrangement. However, the timing for such expansion is yet to be confirmed as it would depend on the outcome of identifying a suitable business partner, the size of the project and the availability of the resources of the Group at that point in time. Nevertheless, if the opportunity to venture into property development arises, the Group intends the fund its financial resources via its internally generated funds and/or bank borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

In addition, the Group also venture into the Oil and Gas (O&G) related industry leveraging on the Group's experience in track and trace solutions and its RFID technology which may serve as a complementary to the services provided under the O&G Consultancy Agreement. In view that the O&G Consultancy Agreement is a continuous collaboration project with our consultants, the Group will be able to gain relevant experience by involving in different kind of projects secured by our consultants and thereby expanding its range of service offerings to a broader customer base and market. Furthermore, business synergy can arise from such collaboration including sharing of knowledge and information, manpower and resources, which are beneficial to the Group in term of project execution.

Aside from the O&G, the Group will explore for new collaboration with other consultancy companies and/or to engage with the O&G customers directly. In view that the Group is merely providing consultancy services, the Group does not expect to incur any substantial expenses other than the financial resource for hiring additional manpower for the purpose of business expansion. If such need arises, the Group intends to fund through its internally generated funds.

Furthermore, the Group diversify its business and venture into Food and Beverage (F&B) industry without incurring significant initial investment taking into account amongst other, the profit guarantee provided. The Group will also be able to leverage on the competency and experience of the existing management team in F&B which will contribute positively to the performance of the business.

### FUTURE PROSPECTS

The Management will continue its efforts on operational efficiency and effective cost management in order to maintain the Group's competitive edge in the RFID industry. Besides maintaining the RFID businesses, the Group will continue to seek new business opportunities and projects in other sector in order to diversify the revenue base. The Group has acquired majority stake in an entity that is involved in the aviation. The Group is positive that with the acquisition, its revenue will be enhanced in future.

The Group is currently in the midst of designing and developing an application based on the above for its air cargo business and is targeting to commence the use of this application the soonest. Additionally, the Group will also introduce the application to other logistics companies. This is expected to provide an additional income stream to the Group. Further to its existing businesses, the Group has been actively identifying other business opportunities to expand its revenue stream. During the financial period, the Group have diversified and acquired among others health and wellness group of companies, property and related venture, Oil and Gas consultancy collaboration as well as food and beverages section such diversification and acquisition have contributed positively to the revenue of the Group. Moving forward, the Group will continue actively seeking to acquire and diversify into new business sectors.



## DIRECTORS' PROFILE



**DATO' SRI SHAHARUDDIN BIN KHALID**  
Independent Non-Executive Chairman  
Age 63, Male, Malaysian

Dato' Sri Shaharuddin Bin Khalid was appointed to the Board on 8th October 2020 and subsequently redesignated as Chairman on 19th October 2020. He holds a Master in Criminal Justice from University of New Haven, Connecticut, USA. He also holds Bachelor's degree in Asian Studies from University of Malaya.

Dato' Sri Shaharuddin has 36 years' experience in Road Transport industry and Anti-Corruption Department. His last position was Director General, Road Transport Department of Malaysia, leading the integrity, financial management, administration, and management of the said Department.

Dato' Sri Shaharuddin started his career as an Investigation Officer in Malaysian Anti- Corruption Commission ("MACC") in 1984. He was promoted as the Director of MACC in 2004 and held the position until 2006. Dato' Sri was appointed as the Acting Chief Compliance Officer at Integrity Management and Compliance Office, Felda Global Ventures Berhad from 2010 to October 2016. From November 2016 to September 2017, Dato' Sri was the Chief Executive Adviser at Legal Adviser's Office, and Chief Commissioner Office of MACC Headquarters which was later on promoted as the Director General of Road Transport Department Malaysia.

Throughout the years with MACC and Road Transport Department Malaysia, Dato' Sri was responsible for the enforcement and administration of traffic laws, creation and administration of a coherent, effective and safe registration and licensing system, ensuring the integrity of the Department and ensuring prompt and efficient collection of fines.

Dato' Sri does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

Dato' Sri does not hold any other directorship in other public companies and listed issuer in Malaysia

**DIRECTORS' PROFILE**

(Cont'd)



Datuk Azmi Bin Osman was appointed to the Board on 9th November 2017, he redesignated as Executive Chairman on 22nd November 2018 and subsequently re-designated as Deputy Executive Chairman on 8th October 2020. He is currently the Chairman of Remuneration Committee.

He holds a Bachelor of Arts in Accountancy from University of Humber, Hull, United Kingdom.

He is a member of Malaysia Institute of Accountants and Member of Association of Chartered Certified Accountants. He started his career as a Team Leader and Country Director in 2000 with KPMG Kuala Lumpur and from 2006 till 2009 he was the Audit Partner of Tentsver Orgil Audit LLC. He was the Managing Partner and Shareholder of CNM Audit LLC from 2010 till 2014. He left CNM Audit LLC and joined Asian Metal Exploration Consultancy Sdn Bhd as the Chief Financial Officer till 2016. From 2016 till 2017, he is the financial adviser of Malaysia Smelting Corporation Berhad.

He is currently the Managing Partner of ABO Consultancy Sdn Bhd, Advisor of Crowe Mongolia TMZ LLC and Managing Partner of Wall Bridge Consulting LLC.

As at the date of this Annual Report 2023, he is a substantial shareholder of the Company with 5.181% of direct shareholding in SMTrack.

He also sits on the Board of Jiankun International Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

## DIRECTORS' PROFILE

(Cont'd)



**DATO' ZAIDI BIN MAT ISA @ HASHIM**  
Executive Director  
Age 54, Male, Malaysian

Dato' Zaidi Bin Mat Isa @ Hashim was appointed to the Board on 30th September 2020, he re-designated as Executive Director on 15th July 2021. He is currently a Member of Remuneration Committee.

He holds a Master's in Business Administration from University Malaysia Pahang. Dato' Zaidi was formerly the Group Managing Director of Kedah based Darulaman Consolidated (M) Berhad and its subsidiaries from 1995 to 2000. From 2002 to 2005, he was appointed as Chief Executive Officer of MyPrima Group of Companies which specialised in media advertisement, branding and marketing.

In 2006 till 2016, Dato' Zaidi was also appointed as the Director of Investment of Eco Marine Group, a company which specialise in property development and real estate management in Klebang, Melaka.

From 2015 to 2017, he served as the Executive Director of Zen Tech Holdings Berhad where he was responsible for governmental relations and the overall strategic growth of the company. From 2016 to 2017, he also serves as the Independent Non-Executive Director of NWP Holdings Berhad. Subsequently from 2017 to 2021, he served as the Independent Non-Executive Chairman of Metronic Global Berhad. From 2017 to September 2023, he was appointed as an Independent Non-Executive Chairman in Key Alliance Group Berhad.

He does not hold any other directorship in other public companies and listed issuer in Malaysia.

Dato' Zaidi does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

**DIRECTORS' PROFILE**

(Cont'd)



**MAHNORIZAL BIN MAHAT**  
 Senior Independent Non-Executive Director  
 Age 47, Male, Malaysian

Mahnorizal Bin Mahat was appointed to the Board on 8th November 2019. He is currently the Chairman of Audit and Risk Management Committee and a Member of Nomination Committee and Remuneration Committee.

He holds Bachelor Degree in Accounting from University Tenaga Nasional. He started his career in year 2002 as Executive in Sales and Marketing Department for RHB Bank Berhad and subsequently as Manager, Corporate Finance Department with MCCM Management Sdn. Bhd. which involved in financial restructuring with 23 financial institutions and until year 2009.

During the period from May 2009 to October 2011, Mahnorizal served in various department for a premier logistic company and DRB-Hicom Berhad dealing with strategy, business development and operational restructuring. In November 2011, he joined Kontena Nasional Global Transport Sdn Bhd as Chief Operating Officer. He subsequently joined Malaco Mining Sdn Bhd as Financial Controller until current. He also the Subject Matter Expert for Front and Sullivan Malaysia Sdn. Bhd., a position which he is currently holding.

His area of expertise and experience includes the provision of advisory and consultancy services, various aspects of accounting, restructuring and business development. He is also a volunteer and acts as the Treasurer for Malaysia Cricket Association. He is currently a Certified Defensive Driving Trainer and Transport Safety Management for major oil and gas company.

He does not hold any other directorship in other public companies and listed issuer in Malaysia.

He does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.



## DIRECTORS' PROFILE

(Cont'd)



**DATO' SAIFUL NIZAM BIN MOHD YUSOFF**  
Executive Director  
Age 53, Male, Malaysian

Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P was appointed as an Independent Non-Executive Director on 22 July 2021 and subsequently redesignated as Executive Director of the Company on 1 July 2022.

He holds a Bachelor Degree in Material Engineering from University Science of Malaysia. He began his career as Project Executive in oil & gas industry since 1994. After spending two years in Miri, Sarawak, he joined Projass Engineering Sdn Bhd as Project Manager from 1997 to 2000. He worked as Project Manager in Javel Engineering Sdn Bhd from 2000 until 2003 before he setting up his own business entity. He has 20 years of experience in development, constructions and maintenance.

He currently is the Managing Director of Menara Rezeki Group since year 2003 until present.

He also sits on the Board of Jiankun International Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.



**DATUK SERI TAN CHOON HWA**  
Non-Independent Non-Executive Director, Vice President  
Age 66, Male, Malaysian

Datuk Seri Tan Choon Hwa was appointed as Non-Independent Non-Executive Director, Vice President on 7th January 2022. Datuk Seri Tan is a businessman with twenty (20) years of experience in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding.

He is the Executive Chairman of TCH Resources Group and also holds directorship in Wazlian Group, the Vice President of TA PAY Group as well as IBG Group.

He also holds other chairmanships in several associations, President of Malaysia-China Chamber of Commerce (Kelantan Branch), Vice President of Malaysia-Guangzhou Investment Association, and Advisor to Hongkong Chamber of Commerce and ASEAN Chamber of Commerce (Thailand).

Currently, Datuk Seri Tan sits on the Board of Metronic Global Berhad and CN Asia Corporation Berhad. He also acts as the advisor of Gunung Capital Berhad and Vice Chairman of Gunung Resources Sdn Bhd, a wholly-owned subsidiary of Gunung Capital Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

**DIRECTORS' PROFILE**

(Cont'd)



**CHEAH BEN LEE**  
Independent Non-Executive Director  
Age 46, Male, Malaysian

Cheah Ben Lee was appointed to the Board as an Independent Non-Executive Director on 25 November 2022. He is currently a Member of Audit and Risk Management Committee and Nomination Committee.

He is a motivated, adaptable and responsible person with over 20 years' experience in business management in providing integrated business and marketing solution to the company. He was an Executive Director in Fairway Logistic (M) Sdn. Bhd. since March 2005, Fairway Logistic (Thailand) Co. Ltd since June 2009, C.V. Fairway Logistic Indonesia since April 2010 and Fairway Logistic (Singapore) Pte. Ltd. since March 2011. He was appointed as the Director of World of Fairway Sdn. Bhd. and Exult Resources Sdn.

Bhd. in October 2007 and July 2015 respectively. He was the Managing Director in Newcare Chemical Supply Sdn. Bhd. from September 1997 to July 2004.

He does not hold any other directorship in other public companies and listed issuer in Malaysia.

He does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

## DIRECTORS' PROFILE

(Cont'd)



**CHUA SER TERK**  
Independent Non-Executive Director  
Age 42, Male, Malaysian

Chua Ser Terk was appointed to the Board as an Independent Non-Executive Director on 25 November 2022. He is currently the Chairman of Nomination Committee and a Member of Audit and Risk Management Committee and Remuneration Committee.

He is a practicing-chartered accountant. He is also a GST Tax Agent, Income Tax Agent and Company Auditor licensed by the Ministry of Finance. Thanks to his more than 20 years of experience working in multinational corporations and public practices, he became a diversified individual, equipped with various expertise such as: income tax and goods and services tax advisory, income tax and goods and services tax compliance, auditing, corporate secretarial consultancy, and business advisory services.

He is also a member of several renowned accounting and tax organisations, including the Malaysian Institute of Accountants (MIA), ASEAN Chartered Professional Accountants (ACPA), Chartered Tax Institute of Malaysia (CTIM), The Malaysian Institute of Certified Public Accountants (MICPA), and Association of Chartered Certified Accountants (ACCA). He is also a member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). He has also obtained a Teach ACCA Qualification in 2010 and a Train the Trainer (TTT) exemption from Perbadanan Sumber Manusia Berhad (PSMB) with Certificate No.: EMP/1965.

He has assisted countless organisations via in-house and public trainings for tax compliance, goods and services tax (GST), sales and service tax (SST), corporate secretarial subjects, accounting subjects and accounting related software. As a professional trainer, he ensures that learning is aligned with practical experiences. He customises his programmes according to the organisation's needs and carries out all of his sessions efficiently and effectively.

Since 2014, he has successfully trained more than 15,000 professionals from various industries that includes but not limited agriculture, franchisor, licensor, investment holdings, manufacturing, education, and service and retail industries.

On top of that, he was the finalist of 2017 National Investment Banking Competition (NIBC) in Canada. NIBC is the first and largest investment banking competition in the world.

He does not hold any other directorship in other public companies and listed issuer in Malaysia.

He does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

**DIRECTORS' PROFILE**

(Cont'd)



**LAM HWAN CHUI**  
Independent Non-Executive Director  
Age 46, Female, Malaysian

Lam Hwan Chui was appointed to the Board as an Independent Non-Executive Director on 27 December 2022.

She has more than 15 years of working experience in senior management capacity and 5 years of experience working in managerial roles in financial-related fields, business operations and setup. She has accumulated extensive project implementations and management experiences, including setting up mega projects to build a staff strength of over 150 people.

She is currently the Chief Financial Officer of a newly licensed Oil and Gas Malaysian Company, FIVE Petroleum Malaysia Sdn. Bhd., involved the setup of office, fund-raising exercises and redesigning the retail automation system.

Before this, she was the Head of Finance, HR & Admin (Regional) of Wonder Court Consolidated Sdn. Bhd. and the Regional Head of Finance of In2 Malaysia Sdn. Bhd.

She also has amassed overseas work experience in China and Philippines, coupled with exposures in other Asian countries such as Vietnam and Sri Lanka, during her employment with various companies under Berjaya Group including Sports Toto (M) Sdn. Bhd., being the General Manager for business development division.

She does not hold any other directorship in other public companies and listed issuer in Malaysia.

She does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

**Notes to Directors' Profile:**






1. **Family Relationship**  
None of the Directors have family relationship with any Director and/or major shareholders of the Company.
2. **Conflict of Interest**  
None of the Directors have any conflict of interest with the Company.
3. **Conviction of Offences**  
None of the Directors have any conviction for offences other than traffic offences within the past 5 years.
4. **Attendance at Board Meetings**  
The details of the Directors' Attendance at Board Meetings are set out on page 27 of this Annual Report.
5. **Shareholdings**  
The details of the Directors' interest in the securities of the Company are set out on page 46 of this Annual Report.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability is key to our business model and philosophy. During FP2023, we continued to strive towards building and enhancing our sustainability framework on how we address and perform in our material environmental, social and governance (“ESG”) topics across our operations.

Our approach to sustainability is focused on the three broad areas of Environment, Social and Governance. In the preceding year, we had identified selected seven (7) SDG goals that the Group is committed to support. In the current year, we reviewed and selected nine (9) SDG goals which the Group would like to support. This is fine tuning the Group’s alignment to its sustainability approach with the adopted United Nations Sustainability Development Goals (“UNSDGs”) which is in accordance to the United Nations’ 2030 Agenda for Sustainable Development since 2015.

ADOPTED UNSDGS	OUR GOALS
	<p><b>Healthy lives and promote well-being for all at all ages.</b></p> <p>We are committed to create a safe workplace and promoting healthy living amongst our employees. For the Covid-19 pandemic, we had undertaken various Covid 19 management programs, such as work-from-home (“WFH”), provision of test kits, communication on SOPs, stringent movement / quarantine procedures and other action.</p>
	<p><b>Ensure inclusive and equitable quality education and promote lifelong opportunities for all</b></p> <p>The Company is committed to staff development by providing on-the-job training in order to improve their skills and knowledge for career advancement.</p>
	<p><b>Achieve gender equality and empower all women and girls.</b></p> <p>We practice non-discriminatory policies against women in hiring and promotions.</p>
	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <p>We believe in being a responsible and caring employer. Amidst disruption the caused by the Covid 19 pandemic which continued throughout 2021, we took various measures to ensure a safe and conducive working environment as far as possible.</p>
	<p><b>Take urgent action to combat climate change and its impact</b></p> <p>We take concerted effort to minimise the impact of climate change through various measures such as reducing emission of CHG through reduction of electricity consumption.</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

(Cont'd)

### Engagement with stakeholders

The Company believes that communication and engagement with all stakeholders is the way forward for value creation and build up the Company together. We are in continually communication and engagement with the following keys groups of stakeholders:

Employees
Shareholders, investors and analysts
Suppliers
Government and Regulators

### SUSTAINABILITY: ENVIRONMENT

We subscribe to the philosophy that everyone can play a part in contributing to mitigate the adverse impact of climate change.

#### Electricity and water consumption

At SMTrack, in order to promote a green environment, forty percent of our lighting comes from energy saving LED lamps and we are continuously converting more to LED lamps.

### SUSTAINABILITY: SOCIAL

#### Health and Safety

For the safety of the staff, the Company's premises are fully equipped with CCTVs and firefighting equipment.

During the Covid 19 pandemic, the Company ensures all safety and health procedures were being observed. Some of the action taken were:

- Conducting meeting and discussions virtually
- Written communication and briefing to all employees on the standard operating procedures. Strict compliance to SOP required.
- Covid 19 vaccination awareness and vaccination programme for staff
- Provision of test kits
- Installation of temperature sensor and sanitizer station at the entry points

#### Education / Quality Training

Technical staff are sent for periodical training to upgrade their skills where relevant. This enhances their skill sets and competencies, thus enhancing their prospects for career growth. The Company uses an integrated and accurate procurement and accounting management system which eases the workflow and contributes to a conducive working environment.

The Company is committed to staff development by providing on-the-job training to improve their skills and knowledge for career advancement

#### Employee Welfare, Well-being, Gender Equality and Anti- Discrimination Policies

The Company practices a non-discriminatory policy for hiring and promoting employees. on In line with the Company's stance on diversity, we give equal opportunities for women to participate in management of the Company. We also offer jobs to persons with disabilities, especially to those that are autistic.

To promote bonding amongst employees from different subsidiaries, and enhance morale of the employees, the Company holds annual dinners to demonstrate our appreciation to them.

The Company also actively engages in open forum and meetings with employees to facilitate feedback and exchange of ideas, and if deemed appropriate, for implementation.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

(Cont'd)

### SUSTAINABILITY: GOVERNANCE

#### Corporate Governance

The Company conducts business responsibly and fairly, adhering to the long-standing business of providing our customers with the highest quality and at the most competitive price. The Company believes that a strong governance framework is crucial to the long-term health and wellbeing of the Company.

The Board of Directors has set up various Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"), which assist the main Board in overseeing various specific areas to facilitate effectiveness of corporate governance. This is supported by a robust risk management framework.

The Company believes in upholding high standards of ethical business practices as part of its working culture. The Group is committed to the requirements of corporate liability established through Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

#### Sustainability Governance

The Board is responsible for the sustainability agenda and oversees the initiatives and action taken by the Group, to ensure that these are aligned with the strategic direction of the Group. The Board believes that the continuous growth and improvement towards sustainability initiatives and performance needs the support and commitment from staff involved with sustainability. In this respect, the sustainability governance structure encompasses and embeds responsibility across various multiple level levels of authority.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### INTRODUCTION

The Malaysian Code of Corporate Governance defines corporate governance as “the process and structure used to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of the other stakeholders.”

The Board of Directors remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Company and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Company.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance (“MCCG”) during the financial period ended 30 June 2023. This statement is prepared in compliance with Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“AMLR”) and it is to be read together with the CG Report 2023 of the Company which is available on SMTrack’s website at [www.smtrackberhad.my](http://www.smtrackberhad.my).

### CLEAR ROLES AND RESPONSIBILITIES

#### Board of Directors

The Board’s pivotal role is to lead and establish the Group’s vision, provision of strategic direction, formulation of policies and enhancement of resources for the Group. The Board takes into consideration the interests of all stakeholders in the decision-making process so as to ensure the Group’s objectives of creating long term shareholder value are met.

An effective Board is the one that made up of a combination of Executive Directors with intimate knowledge of the business and non-executive directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Group is led by a strong and experienced Board under the Chairman.

The Board placed great importance on the balance of its Independent Directors where they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders. The Independent Non-Executive Directors are professionals of high caliber and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgment on issues of strategies, performance, resources and standards of conducts.

None of the Directors of the Company hold more than five (5) directorships of listed companies as provided under Rule 15.06 of the AMLR.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### Board Role and Responsibilities

The Board consists of nine (9) members comprising one (1) Executive Deputy Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. This is in compliance with the AMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The Chairman of the Board is not a member of any Board Committees which applied to the new Practice of MCCG 2021.

The Board is primarily responsible for charting and reviewing the strategic direction of the Group. The Board delegates and monitors the implementation of these directions to the management.

The responsibilities of the Board are inclusive of but not limited to:

- Reviews and adopts a strategic and business plan for the Group;
- Oversees the conduct of the Group's business and evaluates whether the business is being properly managed;
- Identifies principal risks and ensure the implementation of appropriate systems to manage these risks in order to achieve a proper balance between risk incurred and potential returns to shareholders;
- Reviews the adequacy and the integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directive and guidelines. The Board ensures that there is a satisfactory reporting framework on internal financial controls and regulatory compliance;
- Examines its own size and composition to determine the impact on the Board's effectiveness. The Board ensures it has enough Directors to discharge its responsibilities and perform its functions;
- Receives and seeks relevant information for the assessment of the performance of the Group;
- Establishes the Group's authority limits which outline the materiality of any transaction entered into by the Group and determine its approving authorities; and
- Ensures that the Group's financial statements are true and fair, and comply with all applicable laws and governmental regulations applicable to the Group's business and its conduct.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management's responsibilities, which the Executive Director is aware and is responsible for meeting. The Board had an understanding of matters reserved to itself for decision, which includes investment policy, approval for major capital expenditures, strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems.

The presence of Independent Non-Executive Directors provides a good complementing role to ensure a balance of power and authority. The role of Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined as they provide unbiased and independent views, advice and judgment to take account of interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

All the Directors have given their undertaking to comply with the Listing Requirements and the Independent 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### Role and Responsibilities of the Company Secretary

The Company Secretary is a qualified Chartered Secretary (ICSA) and Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended training and seminars conducted by relevant regulatory to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the AMLR of Bursa Securities.

The Company Secretary advises the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations, which include Malaysian Code on Corporate Governance and AMLR.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Rule 14 of the AMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minute and documented by the Company Secretary.

### Board Committees

The Board has established three (3) principal Board Committees, to which it has delegated certain responsibilities, namely the Nominating Committee, Remuneration Committee and Audit & Risk Management Committee. The membership responsibilities, roles and activities of these Committees are described in greater detail in this statement.

### Nominating Committee

The Nominating Committee comprises solely Non-Executive Directors as follows:-

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Chua Ser Terk (Appointed on 25 November 2022) (Independent Non-Executive Director)	N/A	N/A
Members:	Mahnorizal Bin Mahat (Redesignated on 25 November 2022) (Senior Independent Non-Executive Director)	1/1	100
	Cheah Ben Lee (Appointed on 25 November 2022) (Independent Non-Executive Director)	N/A	N/A
	Tan Chee Keang (Resigned on 30 August 2022) (Independent Non-Executive Director)	1/1	100
	Dato' Saiful Nizam Bin Mohd Yusoff (Resigned on 1 July 2022) (Executive Director)	1/1	100

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

The Nominating Committee is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Non-Executive Director, provided that the Chairman of the Nominating Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board. In making its recommendation, the Nominating Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

The Nominating Committee meets at least once a year and is directly accountable to the Board.

During the financial period ended 30 June 2023, the Nominating Committee undertook the following:

- i) Reviewed the composition of the Board and Board Committees and mix of diversity (including gender, ethnicity and age);
- ii) Assessed the performance of individual Directors and the Board as a whole as part of the Annual Assessment, which covered performance of the Board, Board Committee and individual Directors;
- iii) Assessed the fitness and propriety of the Directors;
- iv) Assessed the independence of the Independent Directors;
- v) Determined and assessed the performance of those Directors who would retire at the forthcoming Annual General Meeting ("AGM") and make recommendation to the Board for their re-election; and
- vi) Reviewed the training needs of the Directors.

### **Remuneration Committee**

The objectives of the Remuneration Committee is to provide a formal and transparent procedure for developing remuneration policy for Directors and Senior Management.

The Remuneration Committee meets at least once a year and is directly accountable to the Board.

The Remuneration Committee comprises one (1) Deputy Executive Chairman and two (2) Independent Non-Executive Directors as follows:

	<b>Directors</b>	<b>Number of Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Chairman:	Datuk Azmi Bin Osman (Deputy Executive Chairman)	1/1	100
Members:	Mahnorizal Bin Mahat (Senior Independent Non-Executive Director)	1/1	100
	Chua Ser Terk (Appointed on 25 November 2022) (Independent Non-Executive Director)	N/A	N/A
	Dato' Zaidi Bin Mat Isa @ Hashim (Resigned on 25 November 2022) (Executive Director)	1/1	100
	Tan Chee Keang (Resigned on 30 August 2022) (Independent Non-Executive Director)	1/1	100

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

The Remuneration Committee is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the company is in. The Remuneration Committee is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Directors and performance of the Group. Individual Director do not participate in the discussion and decision making of his own remuneration to avoid conflict of interest.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the skill function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

### **Audit & Risk Management Committee**

The Audit & Risk Management Committee ("ARMC") comprises three (3) Independent Non-Executive Directors. During the financial period ended 30 June 2023, the ARMC held a total of seven (7) meetings.

The ARMC's Terms of Reference include the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by internal audit together with the Management's responses thereon.

The Company's Internal Auditors, External Auditors and members of Senior Management attend the meetings at the invitation of the ARMC.

### **Supply of Information**

The Board has timely access to information pertaining to the Group. Quarterly Board meetings are prescheduled with additional meetings convened as and when urgent issues and/or important decisions are required to be addressed between the scheduled meetings. Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. The Board papers are circulated to directors at least seven (7) days in advance prior to each Board meeting. Board papers consisted of Notice and Agenda of the Meetings supported by working papers and reports would be sent to the Directors. This will enable the Directors to have sufficient time to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

In addition, there are matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments and control structure of the Group including key policies, procedures and authority limits.

In furtherance of their duties, the Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional adviser, whenever appropriate, at the Group's expense.

### **Directors' Code of Ethics**

The Company has established a code of conduct and ethics that provides an overview of the various policies, procedures and guidelines that have been adopted by the Company to steer acceptable employment practices, ethical values and conduct for behavior of employees, which is available on the Company's website.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### Whistle-blowing Policy

The Board had adopted the Whistle-blowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law, regulations or any illegal acts observed in the Group but not limited to financial malpractice or fraud, non-compliance, criminal activity and corruption. The Whistle-blowing Policy is reviewed annually and is available on the Company's website. There were no reported incidents pertaining to whistleblowing during the financial period.

### Gender Diversity

The Board is committed to maintain an appropriate balance in terms of diversity in experience, skills, competence, calibre and gender in order to have balanced, comprehensive and thorough decision makings. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

As the date of this Annual Report, the Board comprised of nine (9) Directors, of whom one (1) is female, providing a representation rate of 11% which complies with the new requirement of ACE Market Listing Requirements of Bursa Securities to have at least one (1) woman Director on the board.

The Board is mindful that any gender representation should be in best interest of the Company. Although the Company has not reached the 30% woman representation target at the Board level as required, the Board is channelling its effort in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience and age to join the Board.

The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the MCCG and will endeavour to consider suitable and qualified female candidates for appointment to the Board.

### Appointments to the Board and Re-election

In accordance with Clause 97 of the Company's Constitution, all Directors of the Company shall retire from office at the first Annual General meeting ("AGM") and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being, or if their number is not three or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office.

In accordance with Clause 104 of the Company's Constitution, all newly appointed Director of the Company during the financial period shall retire at the forthcoming AGM.

Based on the results of the assessment undertaken for the financial period ended 30 June 2023, the Nomination Committee resolved to recommend to the Board that:

- Dato' Zaidi Bin Mat Isa @ Hashim and Dato' Sri Shaharuddin Bin Khalid who are due to retire pursuant to Clause 97 of the Company's Constitution stands for re-election at the forthcoming AGM.
- Mr. Cheah Ben Lee, Mr. Chua Ser Terk and Ms. Lam Hwan Chui who are due to retire pursuant to Clause 104 of the Company's Constitution stand for re-election at the forthcoming AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### STRENGTHEN COMPOSITION

The Group take serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure.

The Nomination Committee assesses the strength, effectiveness and the level of diversity of the Board in determining the need for proposing new appointment of Director. As and when necessary, recommendation will be made to the Board for consideration.

In evaluating the suitability of the candidates, the Nomination Committee consider the following factors:

- Qualification, skills, knowledge, expertise and experience;
- Competencies and capabilities;
- Character, personal integrity and reputation;
- Willingness to devote time to effectively discharge his/her duties as Director;
- In the case of candidates for the position of Independent Non-Executive Director, the independence of the candidates and the candidate's ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

Appropriate measures shall also be taken in its selection and recruitment exercise to achieve boardroom diversity, in particular to identify woman candidates with sufficient caliber to be part of the Board.

The Nomination Committee also applies the Directors evaluation criteria and assessment forms as recommended in the Corporate Governance Guide for evaluating and selecting candidates for new directorships.

### Directors' Remuneration

#### • Remuneration procedure

The Remuneration Committee reviews the remuneration policy each year with a view to ensure that the policy is fair and able to attract and maintain talent. The Non-Executive Directors' fees are tabled at the Company's AGM.

The Company has adopted the objective as recommended by the Code to determine the remuneration for Directors so as to ensure that the Company attracts and retains suitable Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Executive Directors, the level of remuneration reflects the experience and level of corporate and fiduciary responsibilities borne by the Directors concerned.

The determination of the remuneration of the Executive Directors is a matter for consideration and decision of the Board.

The remuneration of the Directors for the financial period ended 30 June 2023 is as follows:

	<b>Salaries RM</b>	<b>Allowances RM</b>	<b>Fee RM</b>	<b>Others RM</b>	<b>Total RM</b>
<u>Executive Directors</u>					
Datuk Azmi Bin Osman	-	82,600.00	270,000.00	-	352,600.00
Dato' Zaidi Bin Mat Isa @ Hashim	-	10,000.00	180,000.00	-	190,000.00
Dato' Saiful Nizam Bin Mohd Yusoff (Redesignated on 1 July 2022)	-	-	138,000.00	-	138,000.00

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### Directors' Remuneration (Cont'd)

- Remuneration procedure (Cont'd)

	Salaries RM	Allowances RM	Fee RM	Others RM	Total RM
<u>Non- Executive Directors</u>					
Mahnorizal Bin Mahat	-	-	54,000.00	-	54,000.00
Dato' Sri Shaharuddin Bin Khalid	-	-	90,000.00	-	90,000.00
Datuk Seri Tan Choon Hwa	-	-	8,000.00	-	8,000.00
Cheah Ben Lee (Appointed on 25 November 2022)	-	-	21,000.00	-	21,000.00
Chua Ser Terk (Appointed on 25 November 2022)	-	-	21,000.00	-	21,000.00
Lam Hwan Chui (Appointed on 27 December 2022)	-	-	18,000.00	-	18,000.00
Datuk Wira Justin Lim Hwa Tat (Redesignated on 24 July 2023) (Resigned on 15 August 2023)	-	-	-	-	-
Tan Chee Keang (Resigned on 30 August 2022)	-	-	24,000.00	-	24,000.00

### REINFORCE INDEPENDENCE

The Board perform an assessment of its Independent Directors, with a view to ensure the Independent Directors bring independent and objective judgement to the Board and this mitigates arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation.

In accordance to 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 AGM for retaining any Independent Director serving beyond nine (9) years.

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

There is clear separation of powers between the Chairman, and the Executive Director, and this further enhances the independence of the Board. Should any Director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in the discussions on the matter.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

(Cont'd)

**FOSTER COMMITMENT****Time Commitment**

Seven (7) Board meetings were held during the financial period ended 30 June 2023.

Details of attendance of Directors holding office during the financial period are as follows:-

<b>Directors</b>	<b>Number of Board Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Dato' Sri Shahrudin Bin Khalid (Independent Non-Executive Chairman)	7/7	100
Datuk Azmi Bin Osman (Executive Deputy Chairman)	7/7	100
Dato' Zaidi Bin Mat Isa @ Hashim (Executive Director)	7/7	100
Dato' Saiful Nizam Bin Mohd Yusoff (Redesignated on 1 July 2022) (Executive Director)	7/7	100
Mahnorizal Bin Mahat (Senior Independent Non-Executive Director)	7/7	100
Datuk Seri Tan Choon Hwa (Re-appointed on 7 January 2022) (Non-Independent Non-Executive Director)	6/7	86
Cheah Ben Lee (Appointed on 25 November 2022) (Independent Non-Executive Director)	3/3	100
Chua Ser Terk (Appointed 25 November 2022) (Independent Non-Executive Director)	3/3	100
Lam Hwan Chui (Appointed on 27 December 2022) (Independent Non-Executive Director)	2/2	100
Datuk Wira Justin Lim Hwa Tat (Redesignated on 24 July 2023) (Resigned on 15 August 2023) (Non-Independent Non-Executive Director)	6/7	86
Tan Chee Keang (Resigned on 30 August 2022) (Independent Non-Executive Director)	4/4	100

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### Directors' Continuous Professional Development

As an integral element of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation and education programme for new Board members. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

During the financial period, all the Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

<u>Name of Directors</u>	<u>Date</u>	<u>Programmes/Seminar</u>
Datuk Azmi Bin Osman	17 May 2023	Proven Tactics to Profitably Succeed in Your Business in Any Economy
Dato' Zaidi Bin Mat Isa @ Hashim	-	-
Dato' Sri Shaharuddin Bin Khalid	-	-
Encik Mahnorizal Bin Mahat	-	-
Dato' Saiful Nizam Bin Mohd Yusoff	-	-
Datuk Seri Tan Choon Hwa	-	-
Cheah Ben Lee	7 – 9 February 2023	Mandatory Accreditation Programme (MAP)
Chua Ser Terk	7 & 8 March 2023	Mandatory Accreditation Programme (MAP)
Lam Hwan Chui	4 – 6 April 2023	Mandatory Accreditation Programme (MAP)

All Directors had attended the Mandatory Accreditation Programme as required by Bursa Securities on all Directors of listed companies.

The External Auditors briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affect the Group's financial statements during the year. In addition, the Board is briefed by the Company Secretary on changes in laws and regulation and MCG 2021. The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.

### UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board has always endeavour to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the Malaysian Financial Reporting Standards and Listing Requirements. Thus, a balanced and meaningful assessment of the Group's financial performance and prospects are presented primarily through the financial statements in the Annual Report.

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

The Group's quarterly and annual results announcements were within the stipulated time frame, reinforcing the Board's commitment to provide a true and fair view of the Group's operations.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

The Board stance on presenting true, fair and comprehensive financial reporting with a balanced and meaningful assessment of the Group's financial performance is reinforced by both the Internal and External Audit functions.

- **Internal Audit**

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group's System of internal control are adequate and effective. Details of the internal audit function and a summary of its activities, together with the state of the Group's internal control, are given in the Statement on Risk Management & Internal Control as set out on pages 36 to 38 of the Annual Report.

- **External Audit**

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of the reliability to users of these financial statements. Where deemed appropriate, the Board may discuss audit findings in the absence of the Management.

The External Auditors will report on any weaknesses in the internal control systems and any non-compliance of the accounting standards that come to their attention during the course of their audit work to the Management and the ARMC.

### RECOGNISE AND MANAGE RISKS

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and review of major strategic, business and operation risks within the Group. Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations.

The Board has also established an Internal Audit Function which has an independent reporting channel to the ARMC and is authorised to conduct independent audits on all the departments and offices within the Group and reports the findings to the ARMC quarterly.

The ARMC review, deliberate and decide on the next course of actions and evaluates the effectiveness and efficiency of the internal control systems.

### ENSURE TIMELY AND HIGH-QUALITY DISCLOSURE

The Board has set up appropriate corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and Senior Management with privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

### STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company refers to AMLR as a fundamental basis for the ongoing disclosure and announcement to Bursa Securities. The Board is advised by Management, Company Secretary, the External Auditors and Advisors on the contents and timing of disclosure of the financial results and various announcements in accordance with the Listing Requirements.

The Board is committed in providing accurate, useful and timely information about the Company, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcome feedback from them.

The Group's information is disseminated through various disclosures and announcements made to Bursa Securities.

### Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future.

### Conduct of General Meetings

#### (i) Notice of general meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

#### (ii) Attendance of Directors at general meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, the Company's operations in general or the annual reports of the Company and of the Group. All the Directors, Senior Management and External Auditors are available in the AGM to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective Chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

#### (iii) Voting

In the event that shareholders are unable to participate the AGM, they are encouraged to appoint one (1) or up to two (2) proxies to participate and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

The Sixteenth AGM of the Company held on 30 June 2022 was conducted fully virtual and online poll voting whereby shareholders and proxies can access and participate remotely.

Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or clicking on the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Questions & Answers Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Questions & Answers session. All the Directors are available to provide responses to questions raised by the shareholders during the AGM.

In addition, the Audited Financial Statements, Annual Report, Interim Financial Statements together with the Company's announcements and other information about the Group are available on the Company's website [www.smtrackberhad.my](http://www.smtrackberhad.my).

Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact our Investor Relation at [admin@smtrackberhad.my](mailto:admin@smtrackberhad.my) or phone at 03-2201 3211.

## AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit & Risk Management Committee (“ARMC”) was established with the objective of assisting the Board of Directors (“Board”) in the areas of corporate governance, risk management and financial reporting.

### COMPOSITION

The ARMC is chaired by a Senior Independent Director. The current composition meets the requirement of Rule 15.09 and 15.10 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The ARMC comprises the following three (3) members of the Board, all the members of the Committee are Independent Non-Executive Directors:-

Chairman:	Mahnorizal Bin Mahat ( <i>Senior Independent Non-Executive Director</i> )
Members:	Cheah Ben Lee (Appointed on 25 November 2022) ( <i>Independent Non-Executive Director</i> )
	Chua Ser Terk (Appointed on 25 November 2022) ( <i>Independent Non-Executive Director</i> )
	Tan Chee Keang (Resigned on 30 August 2022) ( <i>Independent Non-Executive Director</i> )
	Dato’ Saiful Nizam Bin Mohd Yusoff (Resigned on 1 July 2022) ( <i>Executive Director</i> )

### SECRETARY

The Company Secretary of SMTrack acts as the Secretary to the ARMC.

**AUDIT & RISK MANAGEMENT COMMITTEE REPORT**

(Cont'd)

**MEETINGS**

During the financial period ended 30 June 2023, the ARMC held a total of seven (7) meetings. The details of attendance of the ARMC members are as follows:

	<b>Directors</b>	<b>Number of Meetings attended</b>	<b>Percentage of Attendance (%)</b>
Chairman:	Mahnorizal Bin Mahat (Senior Independent Non-Executive Director)	7/7	100
Members:	Cheah Ben Lee (Appointed on 25 November 2022) (Independent Non-Executive Director)	3/3	100
	Chua Ser Terk (Appointed on 25 November 2022) (Independent Non-Executive Director)	3/3	100
	Tan Chee Keang (Resigned on 30 August 2022) (Independent Non-Executive Director)	4/4	100
	Dato' Saiful Nizam Bin Mohd Yusoff (Resigned on 1 July 2022) (Executive Director)	3/3	100

All meetings to review the quarterly results and annual financial statements are held prior to such quarterly results and annual financial statements being presented to the Board for approval.

After each ARMC meeting, the ARMC reported to, and updated the Board on significant issues and concerns discussed during the ARMC meetings and where appropriate, made the necessary recommendations to the Board.

Representatives from the External Auditors and Internal Auditors, as the case may be, and the Account Manager were in attendance to present the relevant reports and proposals to the ARMC at the meetings which included inter alia, the Auditors' audit plans and audit reports, the quarterly results of the Company and the audited financial statements for the financial period ended 30 June 2023.

In the ARMC meetings, the External Auditors were given opportunities to raise any matters and gave unrestricted access to the External Auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the ARMC meetings were tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

**SUMMARY ACTIVITIES**

The ARMC activities during the financial period under review comprised the following:-

**Quarterly Financial Statements and Audited Financial Statements**

- reviewed the audited financial statements of the Company prior to submission to the Directors 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 financial results before recommending them for Board's approval, focusing particularly on:-
  - Any change in accounting policies;
  - Significant adjustments arising from audit; and
  - Compliance with accounting standards and other legal requirements.



## AUDIT & RISK MANAGEMENT COMMITTEE REPORT

(Cont'd)

### External Auditors

- reviewed of external audit plan, outlining the audit scope, audit process and areas of emphasis based on the External Auditors' presentation of audit plan;
- reviewed of external audit review memorandum and the response from the Management;
- reviewed with the External Auditors, their evaluation of the system of internal controls and audit findings;
- consideration and recommendation to the Board for approval of the audit fees payable to the External Auditors;
- reviewed the External Auditor's Management Letter and Management's response;
- reviewed of 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 evaluation of factors relating to the independence of the External Auditors.

### Internal Auditors

The Group outsources its Internal Audit Function to a professional services firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group. The Internal Audit function shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

The Internal Audit Report directly to the ARMC, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The ARMC had reviewed:-

- internal audit's resource requirements, scope, adequacy and function;
- suggestion on improvement opportunities in the areas of internal controls, systems and efficiency improvements; and
- appointment of Internal Auditors who will report functionally directly to the ARMC and review their performance on an annual basis.

### Internal Control and Risk Management

- reviewed the internal audit plan for adequacy of scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management operational and compliance processes; and
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised.

## AUDIT & RISK MANAGEMENT COMMITTEE REPORT

(Cont'd)

### Internal Audit Function

The Company has outsourced the internal audit function to Vaersa Advisory Sdn. Bhd. The outsourced internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care. Reporting directly to the ARMC, it provides the Board with a reasonable assurance of the effectiveness of the system of internal control in the Group and that the internal control system is operating satisfactorily.

The Internal Auditors adopts risk-based approach auditing approach towards the planning and conduct of audits. During the financial period, the Internal Auditors carried out its activities and performed assignments based on the annual Audit Plan approved by the ARMC.

The findings of the Internal Auditors are communicated to the Management for the necessary corrective actions. These are being followed-up by the Internal Auditors and reported accordingly to the ARMC.

The total cost incurred by the Internal Audit function of the Group for the financial period ended 30 June 2023 amounted to RM 8,000.00.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Malaysia Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment, the Group's assets and the interest of other stakeholders.

The Board of Directors of SMTrack Berhad is pleased to present its Statement on Risk Management and Internal Control which outlines the Group's internal control framework and risk management systems for the financial period ended 30 June 2023 as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared pursuant to Rule 15.26(b) of ACE Market Listing Requirements, and in accordance with the Statement on Risk Management & Internal Control - Guideline for Directors of Listed Issuers (the Guidelines").

### BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility towards maintaining a sound system of risk management and internal control and reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded.

Given the inherent limitations in the risk management and internal control system, such a system put into effect by the Management is designed to identify, evaluate, manage and monitor risks rather than eliminate risks that may impede the Group's achievement of the corporate objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

### RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of the risk management framework to manage the risk within the Group and regards as an integral part of business operations. and to identify, evaluate and manage significant risks of the Group which will be an on-going process of identifying, assessing and managing risks faced.

The functional management is given a clear line of accountability and delegated authorities were established as part of the internal control efforts through the standard operating practices. The internal audit function supports the review and assists the Audit and Risk Management Committee ("ARMC") in conducting their review more effectively and not to engage in speculative transactions.

### INTERNAL CONTROL SYSTEM

The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures. The Board meets regularly and has a schedule of matters that are brought to it for decision making process in order to ensure effective control over strategic, financial, operation and compliance issues can be maintained.

The following outlines the main elements of the Group's internal control system:

- i. Having an organisational structure that ensures segregation of duties among employees so that there is an appropriate level of checks and balances on the activities of individual employee.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

- ii. Supplying comprehensive financial and management reports to the ARMC and the Board on a quarterly basis for review, monitoring, decision making and facilitate effective discussion at Board meeting.
- iii. Stringent recruitment policy is set to ensure that only capable and competent staffs are employed which in turn ensures each operating unit is functioning effectively.
- iv. The Group's performance is monitored through management meeting attended by Head of Department (HOD). Head of Department within the group exercise a hand-on approach.
- v. On the operational and financial affairs of the Group. The Executive Chairman are involved and oversee in the day-to-day operations of the Group.
- vi. Internal policies and procedures are updated regularly to reflect changing risk or to resolve operational deficiencies.

The Group's internal control systems are continuously being reviewed and enhanced to ensure that changes in the Group's business and operating environment are adequately managed.

The Board has also received assurance from the Executive Chairman that the risk management and internal control system of the Company and its subsidiaries are operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted.

### INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to an independent professional firm Vaersa Advisory Sdn. Bhd. to carry out reviews and assess the adequacy and integrity of the system of internal control of the Group. The Internal Auditors report directly to the ARMC, who receives reports of issues and recommendations arising from each review. The Internal Auditors have also carried out follow-up reviews to ensure that recommendations for improving the internal control systems were being implemented satisfactorily. The cost incurred for internal audit for the financial period ended 30 June 2023 was RM 8,000.00.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement has been reviewed by the External Auditors as required under Rule 15.23 of ACE Market Listing Requirements for inclusion in the annual report. Their review was performed in accordance with Recommended Practice Guide 5 (Revised): 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. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

RPG 5 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board and management thereon. The report from the External Auditors was made solely to the Board of Directors in connection with their compliance with the ACE Market Listing Requirements of Bursa Securities and for no other purpose or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this statement.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

### CONCLUSION BY THE BOARD

The Board has reviewed the adequacy and effectiveness of the risk management and internal control systems based on the information provided by the key management in the Company and assurances provided by External Auditors.

No material losses were incurred during the financial period under review as a result of weaknesses in risk management and internal control systems. The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is satisfied that the risk management and internal control systems in place for the financial period ended 30 June 2023 are adequate and effective to safeguard shareholders' investments, the Group's assets and interest of other stakeholders.

This statement was made in accordance with a Board of Directors' Resolution dated 20 October 2023.



## DIRECTORS' RESPONSIBILITY STATEMENTS

The Board of Directors confirms its responsibility for preparation of the Annual Audited Financial Statements to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of the operations results and cash flows for the financial period then ended. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 have been applied. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes that its business operations have direct and indirect impact on the communities. The Group upholds its responsibility to oblige the statutory compliance of Corporate Social Responsibility (CSR) and extend it further by implementing various measures to play its part for the society.

The Group believes that a highly conducive working environment will help enhance the efficiency and productivity of employees as well as the quality of life. In this respect, the Group also embarks on structured training and development programmes for its employees to enhance their skills and abilities as springboard for their career development.

The Group also appreciates and understands that its business operations would have an impact and implications on the environment. Accordingly, the Group has taken steps to preserve and minimise the impact on the environment through:

(i) Paperless environment

Staffs are encouraged to fully maximize the benefits of Information Technology for communication and record keeping. Hard copies of documents are generated on a need basis only.

(ii) Recycling

To minimise the environmental impact, the Group adopts a "Go Green" policy, to complement the above initiative. Where possible, paper stationery and materials are to be recycled and reused. Unwanted paper materials are collected for recycling purposes.

## ADDITIONAL COMPLIANCE INFORMATION

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

### 1.0 Statement of Directors' Responsibility in respect of the Financial Statements

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial period and of the results and cash flows of the Company and of the Group for the financial period then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial period ended 30 June 2023. The Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

### 2.0 Material Contracts Involving Directors and/or Major Shareholders

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial period ended 30 June 2023 or entered into since the end of the previous financial year.

### 3.0 Corporate Responsibility ("CR")

The Group is mindful of the need to be corporately responsible and recognise that for long term sustainability, its strategic orientation will need to look beyond financial parameters. Hence, the Group supports important causes such as employees' welfare, community and environment protection. However, the Group endeavours to broaden its scope of CR initiatives over time and will plan accordingly.

### 4.0 Utilisation of Proceeds Raised from Corporate Proposals

During the financial period, there were no proceeds raised by the Company and its subsidiary from any corporate proposals.

### 5.0 Contracts Relate to a Loan

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the financial period ended 30 June 2023.

### 6.0 Employees Share Issuance Scheme

During the financial period ended 30 June 2023, a total of 210,828,150 options over the ordinary shares were exercised pursuant to the Company's Employees' Share Issuance Scheme.

**ADDITIONAL COMPLIANCE INFORMATION**

(Cont'd)

The total number of options granted, exercised and outstanding under the ESOS as at 30 June 2023 are set out in the table below:-

Description	Number of Options as at 30 June 2023	
	Total	Employees
Granted	328,829,171	328,829,171
Exercised	210,828,150	210,828,150
Outstanding	34,354,896	34,354,896

Percentage of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the financial period ended 30 June 2023	Since commencement up to 30 June 2023
Aggregate maximum allocation	80%	80%
Actual granted	80%	80%

**7.0 Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")**

There was only one (1) RRPT during the financial period ended 30 June 2023 which Dato' Saiful Nizam Bin Mohd Yusoff is the interested Director of Menara Rezeki.

**8.0 Non-Audit Fees**

There was no non-audit fees paid and payable to External Auditors by the Group for the financial period ended 30 June 2023.

**9.0 Variation in Results**

There was no material variance between the financial results and the profit forecast or unaudited results previously made for the financial period ended 30 June 2023.

**10.0 Profit Guarantee**

There was no profit guarantee given by the Company during the financial period ended 30 June 2023.

**11.0 Profit Forecast Variance**

There was no profit forecast issued during the financial period ended 30 June 2023.

**12.0 Revaluation Policy on Landed Properties**

The Company does not have a revaluation policy in respect of its landed properties.

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## DIRECTORS' REPORT

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

### Change of financial year end

The Company changed its financial year end from 31 December to 30 June. Accordingly, the financial statements for the current financial period are drawn up for the period 1 January 2022 to 30 June 2023 or a period of eighteen months.

### Principal activities

The Company is principally engaged in the design, deployment and distribution of radio frequency identity tags and other tagging solutions using information technology broadband networks and the provision of training, maintenance and related consultancy services. The details of the subsidiaries, including their principal activities, are disclosed in Note 11 to the financial statements.

### Financial results

	<b>Group RM</b>	<b>Company RM</b>
Net loss for the financial period	<u>(15,938,750)</u>	<u>(9,217,179)</u>
Attributable to:		
Owners of the Company	(15,812,783)	(9,217,179)
Non-controlling interests	<u>(125,967)</u>	<u>-</u>
	<u>(15,938,750)</u>	<u>(9,217,179)</u>

In the opinion of the directors, the results of the operations of the Group and the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

### Dividend

No dividend has been paid or declared by the Company since the end of the previous financial period. The directors also do not recommend any dividend payment in respect of the current financial period.

### Reserves and provisions

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



## DIRECTORS' REPORT

(Cont'd)

### Issue of shares and debentures

During the reporting period, the Company issued the following shares by way of:

- (i) Conversion of RM20,500,000 redeemable convertible notes to 205,000,000 new ordinary shares at an issue price of RM0.10 per share;
- (ii) Issuance of 210,828,150 new ordinary shares pursuant to the exercise of SIS options at the exercise price ranging from RM0.0272 to RM0.07; and
- (iii) Special issue of 211,764,705 new ordinary shares with an issue price of RM0.085 per share. The shares were issued for payment for the purchase consideration for the acquisition of 30% equity interest in V Ultimate Sdn. Bhd.. The fair value of the share price on the issuance date is RM0.055.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The movement of the Company's share capital account are disclosed in Note 19 to the financial statements.

The Company has not issued any debentures during the financial period.

### Share Issuance Scheme options

The Company implemented an Employees' Share Issuance Scheme ("SIS") which is governed by the SIS By-Laws approved by its shareholders at the Extraordinary General Meeting held on 17 May 2017. The effective date for the implementation of the SIS is 26 October 2017.

The salient features of the SIS are as follows:

- (a) The SIS is administered by the Option Committee of the Company;
- (b) Employees (including directors) of the Company or its subsidiaries shall be eligible to participate in the SIS, if as at the date of offer, the employee:
  - (i) has attained the age of eighteen (18) years;
  - (ii) is employed by a company in the Group, which is not dormant;

The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the SIS shall be approved by the shareholders of the Company in the general meeting;

- (c) The total number of new shares to be offered pursuant to the SIS shall not be more than 30% of the Company's issued and paid up share capital of the Company;
- (d) The SIS shall be in force for a period of five (5) years with an extension period of another five (5) years from the first grant date;
- (e) The option price shall be fixed at the higher of the five (5) days weighted average market price of the shares of the Company preceeding the date of offer with a discount of not more than 10%;
- (f) The number of shares so offered shall not be less than one hundred (100) shares nor more than the maximum number of allocations granted by the Option Committee in multiples of one hundred (100) shares; and

## DIRECTORS' REPORT

(Cont'd)

### Share Issuance Scheme options (continued)

- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotment and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the options under the SIS.

The movements in the Company's SIS options are as follows:

Offer Date	Number of options over ordinary shares				
	19-Jun-23	14-Apr-23	29-Aug-22	10-Aug-22	18-May-22
At 1 January 2022	-	-	-	-	-
Granted	37,186,675	53,529,412	56,459,450	85,194,184	96,459,450
Exercised	(5,514,706)	(16,342,737)	(53,776,523)	(85,194,184)	(50,000,000)
Surrendered	-	(37,186,675)	-	-	(46,459,450)
At 30 June 2023	31,671,969	-	2,682,927	-	-
Exercise price (RM)	0.0272	0.0358	0.0410	0.0410	0.0700
					0.0850

The name of the Director who has been granted options to subscript during the financial period is as follows:

Name	Number of Option	Surrendered
Datuk Azmi Bin Osman	182,113,084	68,459,450

## DIRECTORS' REPORT

(Cont'd)

### Directors

The directors of the Company in office since the end of the previous financial period to the date of this report are:

Datuk Azmi Bin Osman	
Mahnorizal Bin Mahat	
Dato' Zaidi Bin Mat Isa @ Hashim	
Dato' Sri Shaharuddin Bin Khalid	
Dato' Saiful Nizam Bin Mohd Yusoff	
Tan Chee Keang	Resigned on 30 August 2022
Datuk Seri Tan Choon Hwa	Re-appointed on 7 January 2022
Datuk Wira Justin Lim Hwa Tat	Appointed on 7 January 2022; Resigned on 15 August 2023
Cheah Ben Lee	Appointed on 25 November 2022
Chua Ser Terk	Appointed on 25 November 2022
Lam Hwan Chui	Appointed on 27 December 2022

### Directors' interests

The shareholdings in the Company and its related companies of those who were directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			
	Balance as at 1.1.2022/ Date of appointment	Bought	Sold	Balance as at 30.6.2023
Shareholdings registered in the name of directors:				
Datuk Azmi Bin Osman	-	88,970,707	47,609,700	41,361,007
Datuk Seri Tan Choon Hwa	10,458,000	25,000,000	15,458,000	20,000,000

### Directors' benefits

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) 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.

The details of the directors' remuneration are disclosed in Note 6 to the financial statements. There were no arrangements during or at the end of the financial period, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Directors' Remuneration

	Group RM	Company RM
Directors' emoluments	277,933	92,600
Directors' other emoluments	12,557	-
Directors' fee	1,184,000	824,000
Share option expenses	2,150,685	2,150,685
	<u>3,625,175</u>	<u>3,067,285</u>

## DIRECTORS' REPORT

(Cont'd)

### Indemnity and insurance

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial period.

### Other statutory information

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent 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 in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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

**DIRECTORS' REPORT**

(Cont'd)

**Auditors' Remuneration**

The auditors' remuneration paid to or receivable by the auditors of the Group and the Company during the financial period is:

	<b>Group RM</b>	<b>Company RM</b>
CHENGCO PLT	218,250	148,250
Others Auditors	153,440	90,000
	<u>371,690</u>	<u>238,250</u>

**Subsequent events**

Details of subsequent events are disclosed in Notes 32 to the financial statements.

**Auditors**

The auditors, Messrs CHENGCO PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board  
in accordance with a resolution of the directors,

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DATUK AZMI BIN OSMAN

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DATO' ZAIDI BIN MAT ISA @ HASHIM

Kuala Lumpur

Dated: 20 October 2023



## STATEMENT BY DIRECTORS

The directors of SMTRACK BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the period 1 January 2022 to 30 June 2023.

Signed on behalf of the Board  
in accordance with a resolution of the directors,

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DATUK AZMI BIN OSMAN

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DATO' ZAIDI BIN MAT ISA @ HASHIM

Kuala Lumpur

Dated: 20 October 2023

## STATUTORY DECLARATION

I, DATUK AZMI BIN OSMAN (MIA NO: 37058), being the director primarily responsible for the financial management of SMTRACK 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 above named DATUK AZMI BIN )  
OSMAN at Kuala Lumpur in Wilayah )  
Persekutuan on 20 October 2023 )

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DATUK AZMI BIN OSMAN

Before me,

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COMMISSIONER FOR OATHS

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMTRACK BERHAD (Incorporate in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of SMTrack Berhad, which comprise the statements of financial position as at 30 June 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 period 1 January 2022 to 30 June 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial period 1 January 2022 to 30 June 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMTRACK BERHAD (Incorporate in Malaysia)  
(Cont'd)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report in the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

#### Key audit matters

#### How our audit addressed the key audit matters

#### **Impairment of Property, Plant and Equipment**

The Group has significant balances of property, plant and equipment RM66,203,357.

There is a risk that the future performance of the assets may not lead to their carrying values being recoverable in full.

Our audit procedures focused on the following:

- Discussed with the management on the business plan;
- Assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they possess sufficient expertise, capability and objectivity to competently perform the valuation of the Group's significant component of property, plant and equipment;
- Obtained the valuation report and evaluated the valuation methodology and estimates used by the independent professional valuer; and
- Conducted site visits on the property, plant and equipment to observe the condition of the property and safeguards put in place by the Group.

#### **Impairment of Intangible Asset and Goodwill**

The Group has significant balances of goodwill of RM9,029,654 and intangible asset of RM9,240,000.

There are risk arising from the potential impairment of intangible asset.

Our audit procedures focused on the following:

- Discussed with the management on the business plan;
- Assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they possess sufficient expertise, capability and objectivity to competently perform the valuation of the Group's intangible assets; and
- Obtained the cash flow projection and valuation report and evaluated the valuation methodology and estimates used by the management and independent professional valuer.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMTRACK BERHAD (Incorporate in Malaysia)  
(Cont'd)

### Key Audit Matters (Cont'd)

#### Key audit matters

#### How our audit addressed the key audit matters

#### Control over a company as subsidiary by 30% equity interest

The Group has acquired V Ultimate Sdn. Bhd as a subsidiary by holding 30% equity interest of the company.

There are risk arising from the recognition of subsidiary.

Our audit procedures focused on the following:

- Discussed with the management on their assessment on power, return and the ability to use its power over the investee to affect the amount of the investor's returns; and
- Review the shareholders' agreement.

### 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 Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

### 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.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMTRACK BERHAD (Incorporate 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:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMTRACK BERHAD (Incorporate in Malaysia)  
(Cont'd)

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 subsidiary of which we have not acted as auditors, is disclosed in Note 11 to the financial statements.

### Other Matters

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

The financial statements for the financial period 1 August 2020 to 31 December 2021 were audited by another firm of chartered accountants whose report dated 15 April 2022 expressed a true and fair view opinion on these statements.

CHENGCO PLT  
(LLP0017004-LCA & AF0886)  
Chartered Accountants

KUALA LUMPUR

TAN WAE LENG  
02850/05/2024 J  
Chartered Accountant

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2023

		Group		Company	
		1.1.2022 to 30.6.2023 RM	Restated 1.8.2020 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	Restated 1.8.2020 to 31.12.2021 RM
Note					
Revenue	4	15,987,743	6,142,810	6,000	1,981,132
Cost of sales	5	(9,357,091)	(4,122,190)	-	-
<b>Gross profit</b>		<u>6,630,652</u>	<u>2,020,620</u>	<u>6,000</u>	<u>1,981,132</u>
Other operating income		112,638	5,198,258	107,154	5,093,972
Administrative expenses	6	(21,505,206)	(15,268,816)	(9,260,759)	(13,090,290)
Finance costs		(759,595)	-	(61,674)	-
<b>Loss before tax</b>	7	<u>(15,521,511)</u>	<u>(8,049,938)</u>	<u>(9,209,279)</u>	<u>(6,015,186)</u>
Income tax expense	8	(417,239)	(33,404)	(7,900)	(504)
<b>Net loss/Total comprehensive loss for the period</b>		<u><u>(15,938,750)</u></u>	<u><u>(8,083,342)</u></u>	<u><u>(9,217,179)</u></u>	<u><u>(6,015,690)</u></u>
<b>Net loss/Total comprehensive loss for the period attributable to:</b>					
Owners of the Company		(15,812,783)	(7,789,837)	(9,217,179)	(6,015,690)
Non-controlling interests		(125,967)	(293,505)	-	-
		<u><u>(15,938,750)</u></u>	<u><u>(8,083,342)</u></u>	<u><u>(9,217,179)</u></u>	<u><u>(6,015,690)</u></u>
<b>Loss per share (sen):</b>					
- Basic	9	<u><u>(1.71)</u></u>	<u><u>(2.11)</u></u>		

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

**STATEMENTS OF FINANCIAL POSITION**

AS AT 30 JUNE 2023

		30.6.2023	Group Restated 31.12.2021	Restated 1.8.2020
	Note	RM	RM	RM
<b>Non current assets</b>				
Aircraft, plant and equipment	10	66,203,357	39,944,880	57,978
Investment in subsidiaries	11	-	-	-
Intangible asset	12	9,240,000	9,240,000	-
Right of use assets	13	1,091,329	-	-
Goodwill on consolidation	14	9,029,654	2,776,548	2,776,548
Investment in an associate	15	-	-	-
		85,564,340	51,961,428	2,834,526
<b>Current assets</b>				
Trade receivables	16	7,748,968	1,631,877	3,729,093
Other receivables, deposits and prepayments	17	14,035,945	489,436	3,550,410
Inventories	18	4,316,504	-	-
Current tax assets		-	531	531
Cash and bank balances		384,164	2,157,129	28,250
		26,485,581	4,278,973	7,308,284
<b>Total assets</b>		112,049,921	56,240,401	10,142,810
<b>Equity</b>				
Share capital	19	108,354,183	63,889,978	23,655,293
Reserves	20	(35,349,553)	(20,102,173)	(15,302,650)
		73,004,630	43,787,805	8,352,643
Non-controlling interests	11	6,482,715	(172,293)	121,202
<b>Total equity</b>		79,487,345	43,615,512	8,473,845
<b>Non current liabilities</b>				
Lease liabilities	21	757,346	-	-
Borrowings	24	8,055,173	-	-
Deferred tax liabilities	8	346,457	-	-
		9,158,976	-	-
<b>Current liabilities</b>				
Trade payables	22	3,925,061	-	142,583
Other payables and accruals	23	6,079,907	12,591,989	1,526,382
Tax payable		3,869,798	32,900	-
Borrowings	24	9,119,995	-	-
Lease liabilities	21	408,839	-	-
		23,403,600	12,624,889	1,668,965
<b>Total liabilities</b>		32,562,576	12,624,889	1,668,965
<b>Total equity and liabilities</b>		112,049,921	56,240,401	10,142,810

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

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

(Cont'd)

		30.6.2023	Company Restated 31.12.2021	Restated 1.8.2020
	Note	RM	RM	RM
<b>Non current assets</b>				
Aircraft, plant and equipment	10	51,345,122	39,944,880	52,461
Investment in subsidiaries	11	15,047,449	3,400,290	3,400,100
Intangible asset	12	9,240,000	9,240,000	-
Right of use assets	13	533,191	-	-
Goodwill on consolidation	14	-	-	-
Investment in an associate	15	-	-	-
		<u>76,165,762</u>	<u>52,585,170</u>	<u>3,452,561</u>
<b>Current assets</b>				
Trade receivables	16	-	53,952	3,729,093
Other receivables, deposits and prepayments	17	6,816,258	3,206,027	2,718,880
Inventories	18	-	-	-
Current tax assets		-	531	531
Cash and bank balances		70,104	2,060,784	25,121
		<u>6,886,362</u>	<u>5,321,294</u>	<u>6,473,625</u>
<b>Total assets</b>		<u>83,052,124</u>	<u>57,906,464</u>	<u>9,926,186</u>
<b>Equity</b>				
Share capital	19	108,354,183	63,889,978	23,655,293
Reserves	20	(26,526,988)	(17,875,212)	(14,849,837)
		<u>81,827,195</u>	<u>46,014,766</u>	<u>8,805,456</u>
Non-controlling interests	11	-	-	-
<b>Total equity</b>		<u>81,827,195</u>	<u>46,014,766</u>	<u>8,805,456</u>
<b>Non current liabilities</b>				
Lease liabilities	21	461,008	-	-
Borrowings	24	-	-	-
Deferred tax liabilities		-	-	-
		<u>461,008</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Trade payables	22	2,473	-	142,583
Other payables and accruals	23	656,251	11,891,698	978,147
Tax payable		7,838	-	-
Borrowings	24	-	-	-
Lease liabilities	21	97,359	-	-
		<u>763,921</u>	<u>11,891,698</u>	<u>1,120,730</u>
<b>Total liabilities</b>		<u>1,224,929</u>	<u>11,891,698</u>	<u>1,120,730</u>
<b>Total equity and liabilities</b>		<u>83,052,124</u>	<u>57,906,464</u>	<u>9,926,186</u>

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

**STATEMENTS OF CHANGES IN EQUITY**

FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2023

Group	Share capital RM	Non-distributable Employee share options reserve RM	Distributable Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
<b>At 1 January 2022</b>						
- as previously reported	63,889,978	2,990,315	(23,381,869)	43,498,424	(315,523)	43,182,901
- prior year adjustments	-	-	289,381	289,381	143,230	432,611
- as restated	63,889,978	2,990,315	(23,092,488)	43,787,805	(172,293)	43,615,512
<b>Transactions with owners</b>						
Issuance of shares	30,786,004	-	-	30,786,004	-	30,786,004
Grant of Share Issuance Scheme ("SIS") options	9,932,869	-	-	9,932,869	-	9,932,869
SIS reserve transfer to share capital	3,745,332	(3,745,332)	-	-	-	-
Grant of SIS options	-	4,310,735	-	4,310,735	-	4,310,735
SIS options surrendered	-	(2,990,315)	2,990,315	-	-	-
Acquisition of subsidiaries	-	-	-	-	6,780,975	6,780,975
Others	-	-	-	-	-	-
Total transactions with owners	44,464,205	(2,424,912)	2,990,315	45,029,608	6,780,975	51,810,583
<b>Net loss/Total comprehensive loss for the period</b>	-	-	(15,812,783)	(15,812,783)	(125,967)	(15,938,750)
<b>At 30 June 2023</b>	108,354,183	565,403	(35,914,956)	73,004,630	6,482,715	79,487,345

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



**STATEMENTS OF CHANGES IN EQUITY**FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2023  
(Cont'd)

Group	Share capital RM	Non-distributable Employee share options reserve RM	Distributable Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
At 1 August 2020						
- as previously reported	23,655,293	-	(15,925,650)	7,729,643	23,062	7,752,705
- prior year adjustments	-	-	623,000	623,000	98,140	721,140
- as restated	23,655,293	-	(15,302,650)	8,352,643	121,202	8,473,845
<b>Transactions with owners:</b>						
Issuance of shares	40,234,685	-	-	40,234,685	-	40,234,685
Grant of Share Issuance Scheme ("SIS") options	-	2,990,315	-	2,990,315	-	2,990,315
Issuance of shares in a subsidiary	-	-	-	-	10	10
Total transactions with owners	40,234,685	2,990,315	-	43,225,000	10	43,225,010
<b>Net loss/Total comprehensive loss for the period</b>						
- as previously reported	-	-	(7,456,219)	(7,456,219)	(338,595)	(7,794,814)
- prior year adjustments	-	-	(333,619)	(333,619)	45,090	(288,529)
- as restated	-	-	(7,789,838)	(7,789,838)	(293,505)	(8,083,343)
At 31 December 2021	63,889,978	2,990,315	(23,092,488)	43,787,805	(172,293)	43,615,512

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

**STATEMENTS OF CHANGES IN EQUITY**

FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2023

(Cont'd)

<b>Company</b>	<b>Share capital RM</b>	<b>Non- distributable Employee share option reserve RM</b>	<b>Distributable Accumulated losses RM</b>	<b>Total RM</b>
At 1 January 2022				
- as previously reported	63,889,978	2,990,315	(22,196,550)	44,683,743
- prior year adjustments	-	-	1,331,023	1,331,023
- as restated	63,889,978	2,990,315	(20,865,527)	46,014,766
<b>Transactions with owners</b>				
Issuance of shares	30,786,004	-	-	30,786,004
Conversion of Share Issuance Scheme ("SIS") options	9,932,869	-	-	9,932,869
SIS reserves transfer to share capital	3,745,332	(3,745,332)	-	-
Grant of SIS options	-	4,310,735	-	4,310,735
SIS options surrendered	-	(2,990,315)	2,990,315	-
Total transactions with owners	44,464,205	(2,424,912)	2,990,315	45,029,608
Net loss/Total comprehensive loss for the period	-	-	(9,217,179)	(9,217,179)
At 30 June 2023	108,354,183	565,403	(27,092,391)	81,827,195
At 1 August 2020				
- as previously reported	23,655,293	-	(15,325,628)	8,329,665
- prior year adjustments	-	-	475,791	475,791
- as restated	23,655,293	-	(14,849,837)	8,805,456
<b>Transactions with owners</b>				
Issuance of shares	40,234,685	-	-	40,234,685
Grant of Share Issuance Scheme ("SIS") options	-	2,990,315	-	2,990,315
Total transactions with owners	40,234,685	2,990,315	-	43,225,000
Net loss/Total comprehensive loss for the period				
- as previously reported	-	-	(6,870,922)	(6,870,922)
- prior year adjustments	-	-	855,232	855,232
- as restated	-	-	(6,015,690)	(6,015,690)
At 31 December 2021	63,889,978	2,990,315	(20,865,527)	46,014,766

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

## STATEMENTS OF CASH FLOWS

FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2023

	Group		Company	
	(Restated)		(Restated)	
	1.1.2022	1.8.2020	1.1.2022	1.8.2020
	to	to	to	to
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
<b>Cash flows from/(used in) operating activities</b>				
Loss before tax	(15,521,511)	(8,049,938)	(9,209,279)	(6,015,186)
Adjustments for:				
Allowance of expected credit losses	10,911,425	664,828	2,000,000	225,673
Allowance of impairment loss on goodwill	2,776,548	-	-	-
Bad debts	-	1,156,487	-	-
Depreciation	300,730	31,292	53,443	23,965
Amortisation	563,715	-	128,702	-
Bargain purchase on consolidation	(5,484)	-	-	-
Interest expenses	759,595	-	61,674	-
Reversal of allowance of expected credit losses	(68,000)	-	(68,000)	-
Plant and equipment written off	-	7,027,056	-	34,376
Share option expense	4,310,735	2,990,315	4,310,735	2,990,315
<b>Operating profit/(loss) before working capital changes</b>	<b>4,027,753</b>	<b>3,820,040</b>	<b>(2,722,725)</b>	<b>(2,740,857)</b>
Decrease/(Increase) in inventories	63,589	-	-	-
Decrease/(Increase) in trade and other receivables	(19,555,378)	3,312,231	(3,508,588)	3,199,695
Increase/(Decrease) in trade and other payables	(11,384,939)	3,979,045	(10,316,256)	9,604,583
<b>Cash (used in)/generated from operations</b>	<b>(26,848,975)</b>	<b>11,111,316</b>	<b>(16,547,569)</b>	<b>10,063,421</b>
Tax refund	100,907	-	469	-
Income tax paid	-	(504)	-	(504)
<b>Net cash (used in)/from operating activities</b>	<b>(26,748,068)</b>	<b>11,110,812</b>	<b>(16,547,100)</b>	<b>10,062,917</b>
<b>Cash flows from/(used in) investing activities</b>				
Repayments from/(Advances to) subsidiaries	-	-	(2,408,409)	929,011
Acquisition of goodwill	(288,615)	-	-	-
Subscription of shares in a subsidiary	-	-	(500,100)	(190)
Net cash outflow in acquisition of subsidiary	263,236	-	-	-
Purchases of aircraft, plant and equipment	(11,455,084)	(39,976,628)	(11,453,685)	(39,950,760)
Intangible asset capitalised	-	(9,240,000)	-	(9,240,000)
<b>Net cash used in investing activities</b>	<b>(11,480,463)</b>	<b>(49,216,628)</b>	<b>(14,362,194)</b>	<b>(48,261,939)</b>

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

**STATEMENTS OF CASH FLOWS**

FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2023

(Cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>
	<b>1.1.2022</b>	<b>1.8.2020</b>	<b>1.1.2022</b>	<b>1.8.2020</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from/(used in) financing activities</b>				
Proceeds from issuance of shares - net	29,071,814	40,234,685	-	14,770,184
Proceeds from issuance of redeemable convertible notes - net	-	-	19,138,945	25,464,501
Proceeds from exercise of shares issuance scheme	-	-	9,932,869	-
Advances from directors	2,074,691	-	12,000	-
Net increase from borrowing	6,220,343	-	-	-
Repayment of lease liabilities	(595,932)	-	(103,526)	-
Interest paid	(759,595)	-	(61,674)	-
Subscription of shares in non-controlling interests in a subsidiary	-	10	-	-
<b>Net cash from financing activities</b>	<b>36,011,321</b>	<b>40,234,695</b>	<b>28,918,614</b>	<b>40,234,685</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,217,210)</b>	<b>2,128,879</b>	<b>(1,990,680)</b>	<b>2,035,663</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,157,129</b>	<b>28,250</b>	<b>2,060,784</b>	<b>25,121</b>
<b>Cash and cash equivalents at end of period</b>	<b>(60,081)</b>	<b>2,157,129</b>	<b>70,104</b>	<b>2,060,784</b>
<b>Cash and cash equivalents are represented by :</b>				
Cash at bank	384,164	2,157,129	70,104	2,060,784
Bank overdraft	(444,245)	-	-	-
	<b>(60,081)</b>	<b>2,157,129</b>	<b>70,104</b>	<b>2,060,784</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

### 1. General information

The Company is principally engaged in the design, deployment and distribution of radio frequency identity tags and other tagging solutions using information technology broadband networks and the provision of training, maintenance and related consultancy services. The details of the subsidiaries, including their principal activities, are disclosed in Note 11 to the financial statements.

The Company changed its financial year end from 31 December to 30 June. Accordingly, the financial statements for the current financial period are drawn up for the period 1 January 2022 to 30 June 2023 or a period of eighteen months.

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 Company's registered office is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business is located at Unit 29-7, 7<sup>th</sup> Floor, The Bouvelard Mid Valley City, 59200 Kuala Lumpur.

The financial statements of the Group and the Company were approved and authorised for issue by the board of directors on 20 October 2023.

### 2. Principal accounting policies

#### 2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### 2.2 Basis of preparation of the financial statements

##### 2.2.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and their related IC Interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in accounting policies of the Group.

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial applications.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 2.2.2 Significant accounting policies

#### Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

#### Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, non controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

Any excess of the sum of their fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on 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.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**2.2.2 Significant accounting policies (continued)****Basis of consolidation (continued)**

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 equity accounted investee or as a financial asset depending on the level of influence retained.

**Revenue from contract with customers**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is recognised only when it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

### 2.2.2 Significant accounting policies (continued)

#### Employee benefits

##### (i) Short term 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. 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 such as sick leave are recognised when the absences occur.

##### (ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense in profit or loss as incurred.

##### (iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with the employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimates of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of the reporting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertakings, with a corresponding credit to the share option reserve.

The share option reserve is transferred to share capital when the share options are exercised, or transferred to accumulated losses upon expiry of the share options.

#### Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

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

**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**2.2.2 Significant accounting policies (continued)****Income tax (continued)**

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is 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.

**Impairment of assets**

The carrying amount of assets (other than financial assets) subject to accounting for impairment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss.

**Aircraft, plant and equipment and depreciation**

Aircraft, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of aircraft, plant and equipment comprises its purchase price and any incidental costs directly attributable to bringing the asset to working condition for its intended use. The cost of spare engines acquired on an exchange basis are stated at amount paid and the fair value of the item traded-in. Heavy maintenance expenditure for aircraft and engine overhauls are capitalised at cost. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 2.2.2 Significant accounting policies (continued)

#### Aircraft, plant and equipment and depreciation (continued)

No depreciation is provided on work in progress. Depreciation on other plant and equipment is calculated to write off the cost of the assets to its residual value on a straight line basis at the following annual rates based on their estimated useful lives:

Computer	33%
IT equipment	10%-20%
Office equipment and furniture and fittings	10%
Renovation	10%
Motor vehicles	20%
Leasehold land and buildings	67 years

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

#### Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over their estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the differences between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

#### Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has power over its investee, exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**2.2.2 Significant accounting policies (continued)****Investment in associates**

An associate is a company in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the reporting date. Under this method of accounting, the investment in an associate is measured in the consolidated statement of financial position at cost plus the Group's post acquisition share of the associate's profit or loss and other comprehensive income while dividend received is reflected as a reduction of the investment.

Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associates' profit or loss in the reporting period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of the associates to ensure consistency of accounting policies with the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

**Goodwill**

Goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

**Leases**

Lease payments under operating leases are recognised in profit or loss on a straight line basis over the terms of the relevant lease.

**Segment information**

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



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

### 2.2.2 Significant accounting policies (continued)

#### Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

#### (i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) 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.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2023

(Cont'd)

**2.2.2 Significant accounting policies (continued)****Financial instruments (continued)****(ii) Financial liabilities at amortised cost**

Financial liabilities are classified at amortised cost if they are not:

- a) contingent consideration of an acquirer in a business combination;
- b) financial guarantee contracts;
- c) loan commitments;
- d) designated at fair value through profit or loss; or
- e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

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

**(iii) Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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.

**Expected credit losses**

The Group recognises an allowance for expected credit losses ("ECL") on financial assets at amortised cost.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at 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. ECL are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

### 2.2.2 Significant accounting policies (continued)

#### Expected credit losses (continued)

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 receivables, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost is deducted from the gross carrying amount of the assets.

#### *Low credit risk*

A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

#### *Significant increase in credit risk*

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

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

#### *Definition of default*

The Group considers a debt instrument to be in default when:

- a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or
- b) The financial asset is more than 90 days past due.

**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**2.2.2 Significant accounting policies (continued)****Expected credit losses (continued)***Credit impaired financial assets*

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

- a) Significant financial difficulties of the debtor;
- b) A breach of contract, such as a default or past due event;
- c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
- e) Disappearance of an active market for that financial asset because of financial difficulties.

*Write off*

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**Current versus non-current classification**

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period; or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 2.2.2 Significant accounting policies (continued)

#### Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

#### Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. Cost of inventories is accounted by first in first out method.

### 3. Critical accounting estimates and judgments

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

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

(a) Measurement of ECL allowance

The ECL for receivables are estimated based on assumptions about risk of default and expected loss of the probability of non-payment. The assumptions used in estimating future cash flows are determined using historical data and forward-looking information. The Group uses judgement in making these assumptions.

(b) Impairment of goodwill and investment in subsidiaries

The Group and the Company assesses impairment of goodwill annually and investment in subsidiaries when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the assets.

Significant variations to these assumptions and estimates could result in changes to the assessment of the recoverability of these non financial assets. To the extent of any future determination that these non financial assets are not recoverable, future financial results in the reporting period in which this determination is made will be affected.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

## 3. Critical accounting estimates and judgments (continued)

## (c) Recognition of investment in subsidiaries

The Group has recognised the investment in V-Ultimate Sdn Bhd as investment in subsidiary although only hold 30% of equity in V-Ultimate Sdn Bhd. The management views that the majority of board of directors are representing SMTrack Berhad and the directors able to control and has unlimited access over the Company's documents. The SMTrack interest is protected by the shareholders' agreement between SMTrack Berhad and seller.

## 4. Revenue

## 4.1 Disaggregation of revenue

Set out below is the disaggregation of revenue from contracts with customers:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM
<b>Type of goods or services</b>				
RFID technical support and maintenance services	-	1,981,132	-	1,981,132
Air freight and aviation related services	468,476	57,753	-	-
Trading of equipment	5,201,500	4,103,925	-	-
Trading of beauty products, beauty consultancy and reflexology services	6,074,644	-	-	-
Other consultancy services	1,742,446	-	-	-
Restaurant and retail sales	2,494,677	-	-	-
Others	6,000	-	6,000	-
	<u>15,987,743</u>	<u>6,142,810</u>	<u>6,000</u>	<u>1,981,132</u>
	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM
<b>Timing of revenue recognition</b>				
At a point in time	15,987,743	4,161,678	6,000	-
Over time	-	1,981,132	-	1,981,132
	<u>15,987,743</u>	<u>6,142,810</u>	<u>6,000</u>	<u>1,981,132</u>



**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**5. Cost of sales**

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM</b>	<b>1.8.2020 to 31.12.2021 RM</b>
Air freight and aviation related services	366,174	213,690
Trading of equipment	5,000,000	3,908,500
Trading of beauty products, beauty consultancy and reflexology services	188,092	-
Other consultancy services	1,661,905	-
Restaurant and retail sales	2,140,920	-
<b>Total</b>	<b>9,357,091</b>	<b>4,122,190</b>
Amount of inventories recognised as an expense	5,188,092	3,908,500

**6. Staff costs**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2022 to 30.6.2023 RM</b>	<b>1.8.2020 to 31.12.2021 RM</b>	<b>1.1.2022 to 30.6.2023 RM</b>	<b>1.8.2020 to 31.12.2021 RM</b>
Directors' fees				
- Company	824,000	439,204	824,000	439,204
- subsidiaries	360,000	323,288	-	-
Directors' remuneration other than fees	290,490	-	92,600	-
Salaries, wages, bonus and allowances	2,438,912	602,493	803,008	399,338
Defined contribution plan	292,874	75,468	94,323	47,426
Share option expense	4,310,735	2,990,315	4,310,735	2,990,315
Other employee related expenses	34,912	17,613	10,770	13,645
	<b>8,551,923</b>	<b>4,448,381</b>	<b>6,135,436</b>	<b>3,889,928</b>

The key management personnel of the Group and Company whose remuneration is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2022 to 30.6.2023 RM</b>	<b>1.8.2020 to 31.12.2021 RM</b>	<b>1.1.2022 to 30.6.2023 RM</b>	<b>1.8.2020 to 31.12.2021 RM</b>
Executive directors:				
- Fees	948,000	595,288	588,000	272,000
- Salaries	155,333	-	-	-
- Allowances	110,600	-	92,600	-
- Bonus	12,000	-	-	-
- Other employees related expenses	12,557	-	-	-
- Share option expenses	2,150,685	1,235,316	2,150,685	1,235,316
Non executive directors:				
- Fees	236,000	167,204	236,000	167,204
<b>Total</b>	<b>3,625,175</b>	<b>1,997,808</b>	<b>3,067,285</b>	<b>1,674,520</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

## 7. Loss before tax

	Group (Restated)		Company (Restated)	
	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM
Loss before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- current year				
- statutory	326,440	100,000	193,000	85,000
- Non-statutory	45,250	-	45,250	-
- overprovision in prior years	-	(14,787)	-	(14,787)
Expenses relating to short term leases on premises	30,600	30,600	-	-
Expenses relating to leases of low value assets on equipment	14,428	14,428	17,541	4,677
Plant and equipment written off	2,890	58,434	-	34,376
Impairment of goodwill	2,776,548	-	-	-
Bargain purchase on consolidation	(5,484)	-	-	-

## 8. Income tax expense

	Group (Restated)		Company (Restated)	
	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM
Expected income tax payable				
- current period	417,239	32,900	7,900	-
- under provision in prior years	-	504	-	504
	417,239	33,404	7,900	504

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2023

(Cont'd)

**8. Income tax expense (continued)**

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>(Restated)</b>		<b>(Restated)</b>	
	<b>1.1.2022</b>	<b>1.8.2020</b>	<b>1.1.2022</b>	<b>1.8.2020</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss before tax	(15,521,511)	(8,049,938)	(9,209,279)	(6,015,186)
Taxation at statutory tax rate of 24% (2021: 24%)	(3,706,421)	(1,931,947)	(2,210,227)	(1,443,645)
Expenses not deductible for tax purposes	3,918,576	1,742,756	2,193,669	1,554,500
Deferred tax assets not recognised	195,000	1,312,654	43,650	979,708
Income not subject to tax	(16,320)	(1,090,563)	(16,320)	(1,090,563)
Utilisation of previously unrecognised deferred tax assets	29,276	-	-	-
Under provision in prior years	(2,872)	504	(2,872)	504
Income tax expense for the period	417,239	33,404	7,900	504

Deferred tax liabilities are arisen in respect of :

	<b>1.1.2022</b>
	<b>to</b>
	<b>30.6.2023</b>
	<b>RM</b>
At beginning of financial period	-
Arising from business combination	346,457
At end of financial period	346,457
The deferred tax liabilities are in respect of :	
Property, plant and equipment and right-of-use-assets	346,457

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2023

(Cont'd)

**9. Loss per share****9.1 Basic loss per share**

Basic loss per ordinary share is calculated based on the net loss attributable to owners of the Company and weighted average number of ordinary shares in issue as follows:

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM</b>	<b>(Restated) 1.8.2020 to 31.12.2021 RM</b>
Net loss attributable to owners of the Company	(15,812,783)	(7,789,837)
	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM</b>	<b>(Restated) 1.8.2020 to 31.12.2021 RM</b>
Weighted average number of ordinary shares in issue	926,765,129	369,941,157
Basic loss per share (sen)	(1.71)	(2.11)

Comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to amend the error in calculation.

**9.2 Diluted loss per share**

Diluted loss per share is not presented in the financial statement as there is an anti dilutive effect on loss per share.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

## 10. Aircraft, plant and equipment

Group	Cost	Leasehold land and buildings RM	Equipment RM	Office equipment, IT computer, IT equipment and furniture fittings RM	Renovation RM	Motor vehicles RM	Work in progress			Total RM
							←	→	→	
At 1 August 2020 (Restated)		-	-	16,217,365	47,068	9,420	-	1,434,600	-	17,708,453
Additions (Restated)		-	-	28,695	6,593	13,588	39,927,752	-	-	39,976,628
Write off		-	-	(16,246,060)	(53,661)	-	-	(1,434,600)	-	(17,734,321)
At 31 December 2021 (Restated)		-	-	-	-	23,088	39,927,752	-	-	39,950,760
Additions		-	16,467	86,391	397,298	-	16,516,296	-	-	17,016,452
Arising through business combination	1,050,261		5,520,671	3,191,240	9,190,188	1,670,229	-	-	-	20,622,589
Fair value adjustment	1,879,122		-	-	-	-	-	-	-	1,879,122
At 30 June 2023		2,929,383	5,537,138	3,277,631	9,587,486	1,693,237	56,444,048	-	-	79,468,923
<b>Accumulated depreciation</b>										
At 1 August 2020 (Restated)		-	-	10,656,886	21,827	3,140	-	-	-	10,681,853
Charge for the period		-	-	19,681	8,871	2,740	-	-	-	31,292
Disposals		-	-	(10,676,567)	(30,698)	-	-	-	-	(10,707,265)
At 31 December 2021 (Restated)		-	-	-	-	5,880	-	-	-	5,880
Charge for the period	20,149		232,705	81,805	417,852	39,670	-	-	-	792,181
Arising through business combination	229,382		3,164,144	2,804,829	5,027,146	1,242,004	-	-	-	12,467,505
At 30 June 2023		249,531	3,396,849	2,886,634	5,444,998	1,287,554	-	-	-	13,265,566

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

## 10. Aircraft, plant and equipment (continued)

Group Accumulated loss	Leasehold land and buildings RM	Equipment RM	Office equipment, computer, IT equipment and furniture fittings RM	Work in progress				Total RM
				Renovation RM	Motor vehicles RM	Aircraft RM	Others RM	
At 1 August 2020 (Restated)	-	-	5,534,022	-	-	-	1,434,600	6,968,622
Write off	-	-	(5,534,022)	-	-	-	(1,434,600)	(6,968,622)
At 31 December 2021	-	-	-	-	-	-	-	-
Provision for impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-	-
<b>Carrying amount</b>								
At 30 June 2023	2,679,852	2,140,289	390,997	4,142,488	405,683	56,444,048	-	66,203,357
At 31 December 2021 (Restated)	-	-	-	-	17,128	39,927,752	-	39,944,880
At 1 August 2020 (Restated)	-	-	26,457	25,241	6,280	-	-	57,978



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

## 10. Aircraft, plant and equipment (continued)

Company	Leasehold land and buildings RM	Equipment RM	Office equipment, computer, IT equipment and furniture fittings RM	Renovation RM	Motor vehicles RM	Work in progress			Total RM
						Aircraft RM	Others RM		
<b>Cost</b>									
At 1 August 2020 (Restated)	-	-	16,246,060	53,661	-	-	1,434,600		17,734,321
Additions (Restated)	-	-	4,008	-	19,000	39,927,752	-		39,950,760
Write off	-	-	(16,246,060)	(53,661)	-	-	(1,434,600)		(17,734,321)
At 31 December 2021 (Restated)	-	-	4,008	-	19,000	39,927,752	-		39,950,760
Additions	-	-	84,991	352,398	-	11,016,296	-		11,453,685
At 30 June 2023	-	-	88,999	352,398	19,000	50,944,048	-		51,404,445
<b>Accumulated depreciation</b>									
At 1 August 2020 (Restated)	-	-	10,682,620	30,618	-	-	-		10,713,238
Charge for the period	-	-	10,661	8,871	4,433	-	-		23,965
Disposals	-	-	(10,691,834)	(39,489)	-	-	-		(10,731,323)
At 31 December 2021 (Restated)	-	-	1,447	-	4,433	-	-		5,880
Charge for the period	-	-	21,313	26,430	5,700	-	-		53,443
At 30 June 2023	-	-	22,760	26,430	10,133	-	-		59,323

30 JUNE 2023  
(Cont'd)

Work in progress

The Group has gained control of a subsidiary on 1.1.2023 during the financial period, and on that date, the fair value of leasehold land and building was identified to be RM2,692,390. For consolidation purpose, the net realisable value of leasehold land and building has been revalued to its fair value under fair value model as per *MFRS3 Business Combinations* and amortised subsequently for its remaining useful life.

As at  
30.6.2023  
RM

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## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 10. Aircraft, plant and equipment (continued)

The leasehold land and buildings of the Group, is pledged to the licensed bank for facility granted to the Group amounting to RM2,679,852.

### 11. Investment in subsidiaries

	30.6.2023 RM	Company 31.12.2021 RM	31.7.2020 RM
<b>Unquoted shares at cost</b>			
At beginning of period/year	3,400,290	3,400,100	100
Additions	11,647,159	190	3,400,000
At end of period/year	<u>15,047,449</u>	<u>3,400,290</u>	<u>3,400,100</u>

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest			Principal activities
		30.6.2023	31.12.2021	31.7.2020	
Asia Cargo Wings Sdn Bhd	Malaysia	60%	60%	60%	Commercial air transport operators
Smart Marine Tech Sdn Bhd	Malaysia	100%	100%	100%	Research and development on information communication technology ("ICT") and supply of ICT equipment
SMT Turbojet Resources Sdn Bhd	Malaysia	100%	100%	-	Dormant
SMT Drones Tech Sdn Bhd	Malaysia	90%	90%	-	Dormant
SMT Food & Beverages Sdn Bhd	Malaysia	100%	-	-	Investment holding
AHA Food & Beverages Sdn Bhd	Malaysia	99.99%	-	-	Restaurant business and retail sales of other product
V Ultimate Sdn Bhd #	Malaysia	30%	-	-	Investment holding
<b>Held through V Ultimate Sdn Bhd</b>					
Beauty Century Face & Body Design Sdn Bhd #	Malaysia	30%	-	-	Beauty consultancy services, operating hairdressing and other beauty treatments centre
Beauty Century World Sdn Bhd #	Malaysia	30%	-	-	Marketing and distribution of beauty care and slimming products
H2G Expert Sdn Bhd #	Malaysia	30%	-	-	Trading of beauty products
Kiseki Marketing Sdn Bhd #	Malaysia	30%	-	-	Trading of beauty and slimming products
AVA Skin Sdn Bhd #	Malaysia	30%	-	-	Management and consultancy services of cosmetic and personal care centre
My Thai Wellness Sdn Bhd #	Malaysia	30%	-	-	Reflexology centres, marketing and supplying beauty and wellness products

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

## 11. Investment in subsidiaries (continued)

Subsidiaries of the Company	Country of incorporation	Group's effective interest			Principal activities
		30.6.2023	31.12.2021	31.7.2020	
Held through V Ultimate Sdn Bhd and AVA Skin Sdn Bhd					
AVA Skin Gold Sdn Bhd #	Malaysia	30%	-	-	Providing management and consultancy services of cosmetic and personal care centre

# Not audited by Chengco PLT

**Incorporation and acquisition of subsidiaries**

In the current reporting period:

- (a) On 7 July 2022, the Company incorporated a wholly-owned subsidiary, SMT Food & Beverages Sdn Bhd ("SMTFB"), by subscribing to 100 ordinary shares representing 100% of the issued and paid-up share capital of SMTFB for a cash consideration of RM100.
- (b) On 31 October 2022, SMTFB gained control of AHA Food & Beverage Sdn Bhd ("AHA") by acquisition of 500,000 units of shares representing 99.99% of the issued and paid-up capital of AHA for a cash consideration of RM500,000. The Company, as immediate and ultimate holding company of SMTFB, has indirectly gained fully control of AHA on 31 October 2022 as well.

The assets acquired and liabilities recognised as at the date of acquisition were as follows:

**Fair value of identified assets and liabilities**

	Fair value recognised on acquisition	AHA's carrying amount
Property, Plant and Equipment	224,422	224,422
Net current assets	281,113	281,113
Net identified assets acquired	<u>505,535</u>	<u>505,535</u>

**Net cash outflow arising from acquisition of subsidiary**

Purchase consideration settled in cash	500,000
Cash and cash equivalents acquired	<u>(1,000)</u>
	<u>499,000</u>

**Goodwill**

Fair value of consideration transferred	500,000
Fair value of identifiable assets acquired and liabilities assumed	<u>(505,535)</u>
Non controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	51
<b>Bargain purchase on acquisition</b>	<u><u>(5,484)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**11. Investment in subsidiaries (continued)****Incorporation and acquisition of subsidiaries (continued)**

(c) On 28.12.2022, the Company has complete acquired V Ultimate Sdn Bhd ("VU") by share issuances of 211,764,705 units of shares at RM0.055 per unit, which equivalent to total purchase consideration of RM11,647,059, for 2,024,291 units of shares which representing 30% of the issued and paid-up share capital of VU. The transfers of shares has been completed on 28.2.2023. The directors representing SMTrack Berhad had been appointed on 28.12.2022 and SMTrack Berhad has gained control as a holding company on 1.1.2023.

The assets acquired and liabilities recognised as at the date of acquisition were as follows:

**Fair value of identified assets and liabilities**

	Fair value recognised on acquisition	V Ultimate's carrying amount
Property, Plant and Equipment	9,857,671	7,978,550
Trade and other receivables	15,693,654	15,693,654
Cash and cash equivalents	1,166,252	1,166,252
Inventories	4,380,093	4,380,093
ROU assets	623,699	623,699
Trade and other payables	(6,723,227)	(6,723,227)
Borrowings	(10,914,596)	(10,914,596)
Lease liabilities	(730,772)	(730,772)
Current tax liabilities	(3,319,283)	(3,319,283)
Deferred tax liabilities	(346,457)	(158,545)
Net identified assets acquired	<u>9,687,034</u>	<u>7,995,825</u>

**Net cash outflow arising from acquisition of subsidiary**

Purchase consideration settled in cash	-
Cash and cash equivalents acquired	1,166,252
Bank overdraft	(404,016)
	<u>762,236</u>

**Goodwill**

Fair value of consideration transferred	11,647,059
Fair value of identifiable assets acquired and liabilities assumed	(9,687,034)
Non controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	6,780,924
<b>Goodwill on acquisition</b>	<u>8,740,949</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)11. **Investment in subsidiaries** (continued)

In the previous reporting period:

- (a) On 19 July 2021, the Company incorporated a wholly-owned subsidiary, SMT Turbojet Resources Sdn Bhd ("STJ"), by subscribing to 100 ordinary shares representing 100% of the issued and paid-up share capital of STJ for a cash consideration of RM100.
- (b) On 28 December 2021, the Company incorporated a subsidiary, SMT Drones Tech Sdn Bhd ("SDT"), by subscribing to 90 ordinary shares representing 90% of the issued and paid-up share capital of SDT for a cash consideration of RM90.

**Non-controlling interest ("NCI") in subsidiary companies**

	<b>V Ultimate Sdn Bhd</b>	<b>SMT Drones Tech Sdn Bhd</b>	<b>Asia Cargo Wings Sdn Bhd</b>
	<b>30.6.2023</b>	<b>30.6.2023</b>	<b>30.6.2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current assets	19,522,412	10	722,957
Non-current assets	7,531,723	-	1,400
Current liabilities	(10,432,582)	(15,203)	(1,941,534)
Non-current liabilities	(8,357,269)	-	-
Net assets	<u>8,264,284</u>	<u>(15,193)</u>	<u>(1,217,177)</u>
Carrying amount of NCI as at 30.06.2023	<u>6,968,845</u>	<u>(1,519)</u>	<u>(484,664)</u>
Profit/Total comprehensive income for the financial period	268,460	(15,293)	(780,902)
Profit/Total comprehensive income allocated to NCI for the financial period	187,922	(1,529)	(312,361)
Ownership interest and voting rights percentage held by NCI	30%	90%	60%

The remaining non-controlling interest of the Group is individually immaterial.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 12. Intangible asset

Group/Company Cost (Restated)	(Restated) Franchise RM	Total RM
At 1 August 2020	-	-
Addition (Restated)	9,240,000	9,240,000
At 31 December 2021	9,240,000	9,240,000
Addition	-	-
At 30 June 2023	9,240,000	9,240,000
<b>Accumulated depreciation</b>		
At 1 August 2020	-	-
Charge for the period	-	-
At 31 December 2021	-	-
Charge for the period	-	-
At 30 June 2023	-	-
<b>Carrying amount</b>		
At 30 June 2023	9,240,000	9,240,000
At 31 December 2021	9,240,000	9,240,000

### 13. Right of use asset

Group Cost	Outlet RM	Building RM	Office RM	Total RM
At 31 December 2021	-	-	-	-
Acquisition through business combination	-	6,434,124	-	6,434,124
Additions	369,452	-	661,893	1,031,345
At 30 June 2023	369,452	6,434,124	661,893	7,465,469
<b>Accumulated depreciation</b>				
At 31 December 2021	-	-	-	-
Acquisition through business combination	-	5,810,425	-	5,810,425
Charge for the period	77,207	357,807	128,701	563,715
At 30 June 2023	77,207	6,168,232	128,701	6,374,140
<b>Carrying amount</b>				
At 30 June 2023	292,246	265,892	533,191	1,091,329
At 31 December 2021	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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## 13. Right of use asset (continued)

Company	Office RM	Total RM
<b>Cost</b>		
At 31 December 2021		-
Additions	661,893	661,893
At 30 June 2023	<u>661,893</u>	<u>661,893</u>
<b>Accumulated depreciation</b>		
At 31 December 2021	-	-
Charge for the period	128,702	128,702
At 30 June 2023	<u>128,702</u>	<u>128,702</u>
<b>Carrying amount</b>		
At 30 June 2023	<u>533,191</u>	<u>533,191</u>
At 31 December 2021	<u>-</u>	<u>-</u>

## 14. Goodwill on consolidation

	30.6.2023 RM	Group 31.12.2021 RM	1.8.2020 RM
At beginning of period/year	2,776,548	2,776,548	-
Arising during the period/year	9,029,654	-	2,776,548
	<u>11,806,202</u>	<u>2,776,548</u>	<u>2,776,548</u>
Less : Allowance for impairment losses	(2,776,548)	-	-
At end of period/year	<u>9,029,654</u>	<u>2,776,548</u>	<u>2,776,548</u>

## 14.1 Impairment testing for goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the Group's commercial air transport operating segments which represent the lowest level cash-generating unit within the Group at which the goodwill is monitored for internal management purposes.

The goodwill impairment test of cash-generating unit is determined based on its value in use. Value in use is determined by discounting the future cash flows expected to be generated from the cash-generating unit and the following are the key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 3 to 5 years business plan including its terminal value.

## 14.2 Details of goodwill

	As at 30.6.2023
Goodwill on acquisition of business by AHA Food and Beverages Sdn Bhd	288,615
Goodwill on consolidation of V Ultimate Sdn Bhd	<u>8,741,039</u>
	<u>9,029,654</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
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### 15. Investment in an associate

	Group and Company		
	30.6.2023	31.12.2021	1.8.2020
	RM	RM	RM
<b>At cost</b>			
At beginning/end of period/year	15,029	15,029	15,029
<b>Accumulated impairment loss</b>			
At beginning/end of period/year	(15,029)	(15,029)	(15,029)
Carrying amount	-	-	-

The details of the associate is as follows:

Name of associate	Country of incorporation	Group's effective interest		Principal activities
		30.6.2023	31.12.2021	
Smart Tag Technologies Sdn Bhd#	Malaysia	30%	30%	Dormant

# Not audited by Chengco PLT

### 16. Trade receivables

	Group (Restated)		
	30.6.2023	31.12.2021	1.8.2020
	RM	RM	RM
Trade receivables	16,302,980	2,157,877	7,574,705
Less: Allowance for expected credit losses	(8,554,012)	(526,000)	(3,845,612)
	<u>7,748,968</u>	<u>1,631,877</u>	<u>3,729,093</u>

	Company (Restated)		
	30.6.2023	31.12.2021	1.8.2020
	RM	RM	RM
Trade receivables	-	53,952	7,424,277
Less: Allowance for expected credit losses	-	-	(3,695,184)
	<u>-</u>	<u>53,952</u>	<u>3,729,093</u>

The Group and Company normal trade credit terms is 30 days (31.12.2021: 30 days to 120 days).

## NOTES TO THE FINANCIAL STATEMENTS

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(Cont'd)

## 16. Trade receivables (continued)

The movements in the allowance for expected credit losses of trade receivables during the reporting period are as follows:

	Group (Restated)		
	30.6.2023 RM	31.12.2021 RM	1.8.2020 RM
At beginning of period/year	526,000	3,845,612	3,680,962
Allowance for expected credit losses	8,028,012	664,828	164,650
Writte offs	-	(3,984,440)	-
At end of period/year	8,554,012	526,000	3,845,612

	Company (Restated)		
	30.6.2023 RM	31.12.2021 RM	1.8.2020 RM
At beginning of period/year	-	3,695,184	3,680,962
Allowance for expected credit losses	-	138,828	14,222
Writte offs	-	(3,834,012)	-
At end of period/year	-	-	3,695,184

The following table details the credit risk exposure on the trade receivables.

	Group (Restated)		
	30.6.2023 RM	31.12.2021 RM	1.8.2020 RM
Not past due	382,802	-	-
More than 90 days past due	15,920,178	2,157,877	7,574,705
	16,302,980	2,157,877	7,574,705
Less : Allowance for expected credit losses	(8,554,012)	(526,000)	(3,845,612)
	7,748,968	1,631,877	3,729,093

	Company (Restated)		
	30.6.2023 RM	31.12.2021 RM	1.8.2020 RM
Not past due	-	-	-
More than 90 days past due	-	53,952	7,424,277
	-	53,952	7,424,277
Less : Allowance for expected credit losses	-	-	(3,695,184)
	-	53,952	3,729,093

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

## 17. Other receivables, deposits and prepayments

		Group (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
Non-current	30.6.2023 RM		
Advances made to the Joint – Operation Entity (Note 17.3)	4,943,900	4,943,900	4,943,900
Other receivables	2,200,000	2,200,000	2,200,000
	7,143,900	7,143,900	7,143,900
Less: Allowance of impairment loss	(7,143,900)	(7,143,900)	(7,143,900)
	-	-	-
Current	30.6.2023 RM	Group (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
Amount due from subsidiaries	-	-	-
Amount due from an associate	380,000	380,000	380,000
Amount due from a related party	18,320	-	-
Other receivables	11,750,544	554,260	3,210,872
Deposits	8,872,494	3,725,176	5,276,597
Prepayments	-	-	2,000,000
	21,021,358	4,659,436	10,867,469
Less: Allowance of impairment loss	(6,985,413)	(4,170,000)	(7,317,059)
	14,035,945	489,436	3,550,410
Non-current	30.6.2023 RM	Company (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
Advances made to the Joint – Operation Entity (Note 17.3)	4,943,900	4,943,900	4,943,900
Other receivables	2,200,000	2,200,000	2,200,000
	7,143,900	7,143,900	7,143,900
Less: Allowance of impairment loss	(7,143,900)	(7,143,900)	(7,143,900)
	-	-	-
Current	30.6.2023 RM	Company (Restated) 31.12.2021 RM	(Restated) 31.7.2020 RM
Amount due from subsidiaries	4,544,700	2,546,689	2,309,315
Amount due from an associate	380,000	380,000	380,000
Amount due from a related party	-	-	-
Other receivables	35,631	394,520	97,195
Deposits	8,784,772	4,881,663	-
Prepayments	-	-	7,023,590
	13,745,103	8,202,872	9,810,100
Less: Allowance of impairment loss	(6,928,845)	(4,996,845)	(7,091,220)
	6,816,258	3,206,027	2,718,880

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

## 17. Other receivables, deposits and prepayments (continued)

## 17.1 Amount due from subsidiaries and associate

The amount due from subsidiaries and associate represent unsecured interest free advances receivable on demand.

## 17.2 Allowance for impairment loss

The movements in the allowance of impairment losses of other receivables, deposits and prepayments during the reporting period are as follows:

	Group		Company	
	(Restated)		(Restated)	
	1.1.2022	1.8.2020	1.1.2022	1.8.2020
	to	to	to	to
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
At beginning of period/year	11,313,900	14,460,959	12,140,745	14,235,120
Allowance for the period/year	2,883,413	-	2,000,000	826,845
Write offs	(68,000)	(3,147,059)	(68,000)	(2,921,220)
At end of period/year	14,129,313	11,313,900	14,072,745	12,140,745

## 17.3 Advances to the Joint Operation Entity

On 10 March 2016, the Company entered into a joint venture agreement ("JVA") with Cherish Words Sdn Bhd ("CWSB") to form an unincorporated joint operation to participate in a joint venture for subcontracting work. Subsequently, the JVA was terminated on 28 July 2017 by mutual consent, and the outstanding amount receivable of RM4,943,900 will be settled via contra of properties owned by CWSB.

## 18. Inventories

	Group		(Restated)
	30.6.2023	31.12.2021	1.8.2020
	RM	RM	RM
Trading goods, at cost	4,316,504	-	-



**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**19. Share capital**

	<b>30.6.2023</b>	<b>Group and Company</b>		
	<b>No. of</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>ordinary</b>	<b>No. of</b>	<b>RM</b>	<b>RM</b>
	<b>shares</b>	<b>ordinary</b>		
	<b>shares</b>	<b>shares</b>		
Issued and fully paid:				
At beginning of period	564,189,149	176,690,656	63,889,978	23,655,293
Issuance of shares pursuant to:				
- private placement	-	144,538,600	-	14,770,184
- special issue	211,764,705	-	11,647,059	-
- conversion of redeemable convertible notes (Note 25)	205,000,000	242,959,893	19,138,945	25,464,501
- share issuance scheme exercised	210,828,150	-	9,932,869	-
- SIS reserves transfer to share capital upon exercised	-	-	3,745,332	-
At end of period	<u>1,191,782,004</u>	<u>564,189,149</u>	<u>108,354,183</u>	<u>63,889,978</u>

During the reporting period, the Company issued the following shares by way of:

- (i) Conversion of RM20,500,000 redeemable convertible notes to 205,000,000 new ordinary shares at an issue price of RM0.10 per share. Issuance costs of RM1,361,055 which were directly attributable to the issue of shares have been netted against the cash consideration received;
- (ii) Issuance of 210,828,150 new ordinary shares pursuant to the exercise of SIS options at the exercise price ranging from RM0.0272 to RM0.07; and
- (iii) Special issue of 211,764,705 new ordinary shares with an issue price of RM0.085 per share. The shares were issued for payment for the purchase consideration for the proposed acquisition of 30% equity interest in V Ultimate Sdn. Bhd. The fair value of the share price on the issuance date is RM0.055.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

In the previous reporting period, the Company increased its issued and paid up share capital via the following:

- (i) Private placement of 53,007,100 new ordinary shares at an issue price of RM0.1577 per share for cash. Issuance costs of RM333,618 which were directly attributable to the issue of shares have been netted against the cash consideration received. The shares were issued for working capital purposes;
- (ii) Conversion of RM25,000,000 redeemable convertible notes to 217,959,893 new ordinary shares at an issue price of RM0.1147 per share;

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2023

(Cont'd)

**19. Share capital (continued)**

In the previous reporting period, the Company increased its issued and paid up share capital via the following: (continued)

- (iii) Conversion of RM2,500,000 redeemable convertible notes to 25,000,000 new ordinary shares at an issue price of RM0.10 per share; and
- (iv) Private placement of 91,531,500 new ordinary shares at an issue price of RM0.0747 per share for cash. Issuance costs of RM92,822 which were directly attributable to the issue of shares have been netted against the cash consideration received. The shares were issued for the expenses in respect of the expansion of its air cargo business.

**19.1 Share issuance scheme options**

The Company implemented an Employees' Share Issuance Scheme ("SIS") which is governed by the SIS By-Laws approved by its shareholders at the Extraordinary General Meeting held on 17 May 2017. The effective date for the implementation of the SIS is 26 October 2017.

The salient features of the SIS are as follows:

- (a) The SIS is administered by the Option Committee of the Company;
- (b) Employees (including directors) of the Company or its subsidiaries shall be eligible to participate in the SIS, if as at the date of offer, the employee:
  - (i) has attained the age of eighteen (18) years;
  - (ii) is employed by a company in the Group, which is not dormant.

The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the SIS shall be approved by the shareholders of the Company in the general meeting;

- (c) The total number of new shares to be offered pursuant to the SIS shall not be more than 30% of the Company's issued and paid up share capital of the Company;
- (d) The SIS shall be in force for a period of five (5) years with an extension period of another five (5) years from the first grant date;
- (e) The option price shall be fixed at the higher of the five (5) days weighted average market price of the shares of the Company preceeding the date of offer with a discount of not more than 10%;
- (f) The number of shares so offered shall not be less than one hundred (100) shares nor more than the maximum number of allocations granted by the Option Committee in multiples of one hundred (100) shares; and
- (g) All new ordinary shares issued upon exercise of the options granted under the SIS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotment and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the options under the SIS.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

### 19.1 Share issuance scheme options (continued)

The movements in the Company's SIS options are as follows:

Offer Date	Number of options over ordinary shares					
	19-Jun-23	14-Apr-23	29-Aug-22	10-Aug-22	18-May-22	27-May-21
At 1 January 2022	-	-	-	-	-	85,194,184
Granted	37,186,675	53,529,412	56,459,450	85,194,184	96,459,450	-
Exercised	(5,514,706)	(16,342,737)	(53,776,523)	(85,194,184)	(50,000,000)	-
Surrendered	-	(37,186,675)	-	-	(46,459,450)	(85,194,184)
At 30 June 2023	31,671,969	-	2,682,927	-	-	-
Exercise price (RM)	0.0272	0.0358	0.0410	0.0410	0.0700	0.0850

The fair value of the share options granted under the SIS is estimated at the grant date using Trinomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. The key assumptions used for estimation of SIS for value were as follows:

	19-Jun-23	14-Apr-23	29-Aug-22	10-Aug-22	18-May-22	27-May-21
Expected volatility	51%-74%	36%-74%	42%-75%	31%-69%	21%-87%	64%-91%
Risk free interest rate	3.29%	3.29%	3.29%	3.50%	3.50%	3.48%
Expected life	1,589 days	1,655 days	58 days	77 days	160 days	516 days
Dividend yield	-	-	-	-	-	-

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## NOTES TO THE FINANCIAL STATEMENTS

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(Cont'd)

## 20. Reserves

	30.6.2023 RM	Group (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
Distributable:			
Accumulated losses	(35,914,956)	(23,092,488)	(15,302,650)
Non-distributable:			
Employee share option reserve	565,403	2,990,315	-
	<u>(35,349,553)</u>	<u>(20,102,173)</u>	<u>(15,302,650)</u>
		Company (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
	30.6.2023 RM		
Distributable:			
Accumulated losses	(27,092,391)	(20,865,527)	(14,849,837)
Non-distributable:			
Employee share option reserve	565,403	2,990,315	-
	<u>(26,526,988)</u>	<u>(17,875,212)</u>	<u>(14,849,837)</u>

Employee share option reserve represents the equity settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options, and is reduced by the expiry or exercise of the share options.

## 21. Lease liabilities

	Outlet RM	Building RM	Group Office RM	Total RM
Future minimum lease payment				
- Not later than one year	166,080	181,111	141,600	488,791
- Later than one year but not later than five years	170,080	149,730	542,800	862,610
	<u>336,160</u>	<u>330,841</u>	<u>684,400</u>	<u>1,351,401</u>
Less : Future finance charge	<u>(37,885)</u>	<u>(21,298)</u>	<u>(126,033)</u>	<u>(185,216)</u>
	<u>298,275</u>	<u>309,543</u>	<u>558,367</u>	<u>1,166,185</u>
Present value of lease liabilities				
- Not later than one year	145,488	165,992	97,359	408,839
- Later than one year but not later than five years	152,787	143,551	461,008	757,346
	<u>298,275</u>	<u>309,543</u>	<u>558,367</u>	<u>1,166,185</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 21. Lease liabilities (continued)

	Company	
	Office RM	Total RM
Future minimum lease payment		
- Not later than one year	141,600	141,600
- Later than one year but not later than five years	542,800	542,800
	<u>684,400</u>	<u>684,400</u>
Less : Future finance charge	(126,033)	(126,033)
	<u>558,367</u>	<u>558,367</u>
Present value of lease liabilities		
- Not later than one year	97,359	97,359
- Later than one year but not later than five years	461,008	461,008
	<u>558,367</u>	<u>558,367</u>

### 22. Trade payables

The normal trade credits granted to the Group and Company, range from 30 days to 90 days (31.12.2021: 30 days to 120 days).

### 23. Other payables and accruals

	30.6.2023 RM	Group (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
Amount due to subsidiaries	-	-	-
Amount due to directors	2,074,691	-	-
Amount due to a related party	278,054	-	-
Other payables	110,431	12,458,381	1,372,797
Accruals	3,616,731	133,608	153,585
	<u>6,079,907</u>	<u>12,591,989</u>	<u>1,526,382</u>

	30.6.2023 RM	Company (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
Amount due to subsidiaries	237,757	1,166,385	-
Amount due to directors	12,000	-	-
Amount due to a related party	-	-	-
Other payables	82,137	10,620,235	556,087
Accruals	324,357	105,078	422,060
	<u>656,251</u>	<u>11,891,698</u>	<u>978,147</u>

The amounts due to a subsidiary/directors/a related party represents unsecured interest free advances repayable on demand.

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## 24. Borrowings

	30.6.2023 RM	Group (Restated) 31.12.2021 RM	(Restated) 1.8.2020 RM
<b><u>Current liabilities</u></b>			
Secured :			
Bank borrowings	2,035,346	-	-
Borrowings from licensed money lender	7,000,000	-	-
Hire purchases	84,649	-	-
	<u>9,119,995</u>	<u>-</u>	<u>-</u>
<b><u>Non current liabilities</u></b>			
Secured :			
Bank borrowings	7,285,197	-	-
Hire purchases	325,731	-	-
Overdraft	444,245	-	-
	<u>8,055,173</u>	<u>-</u>	<u>-</u>

These borrowings, term loans, hire purchase and bank overdrafts details are as per below:

- i. Hire purchase interest is range from 3.27% to 7.5%.
- ii. Term loans and bank overdrafts interest is ranged from 3.5% to 13.69%, and are secured by:
  - Guarantee by Syarikat Jaminan Pembiayaan Periagaan Berhad: and
  - Joint and guarantee by certain of the directors of the Group.
- iii. Borrowings are borrowed from licensed money lender, with a 6% interest rate per annum with a 12-months loan term.

## 25. Redeemable convertible notes

	Group and Company	
	30.6.2023 RM	31.12.2021 RM
At beginning of period	-	-
Issuance of redeemable convertible notes ("RCN")	19,138,945	25,464,501
Conversion of RCN into ordinary shares (Note 19)	<u>(19,138,945)</u>	<u>(25,464,501)</u>
At end of period	<u>-</u>	<u>-</u>

The Company has entered into a subscription agreement dated 20 October 2020 for the issuance of 1.0% redeemable convertible notes ("RCN") with an aggregate value of up to RM120,000,000 comprising four (4) tranches of a nominal value of RM25,000,000 first tranche, RM25,000,000 for the second tranche, RM35,000,000 for the third tranche and RM35,000,000 for the fourth tranche.



## NOTES TO THE FINANCIAL STATEMENTS

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### 25. Redeemable convertible notes (continued)

The salient features of the RCN are as follows:

RCN Maturity Date	:	60 months (5 years) from the closing date of the first sub-tranche of Tranche 1 Notes
Dividend	:	Cumulative preferential dividend at 1% per annum based on the RCN issue price payable semi-annually.
Conversion Right	:	Any RCN may be converted into new ordinary shares of the Company, at the option of the RCN holders, at any time, during before the RCN Maturity Date
RCN Conversion Price	:	The RCN Conversion Price shall be 80% of the average closing price of the Company for any 3 consecutive business days as selected by the RCN holders during the 45 business days immediately preceding the relevant conversion date of the RCN, subject to the RCN Minimum Conversion Price
RCN Conversion Cap	:	The RCN holders, collectively or together with their affiliates, shall not at any time hold more than 10% interest in the enlarged total number of ordinary shares of the Company without the prior approval of the Company
RCN Maximum Conversion Shares	:	450,000,000 ordinary shares
RCN Minimum Conversion Price	:	Minimum conversion price of RM0.10, at which RCN can be converted into ordinary shares
RCN Non-Default Redemption amount	:	110% of the issue price of the RCN
RCN Redemption Period	:	The period from the issue date to the RCN Maturity Date
RCN Conversion Downside Redemption	:	The Company may redeem the RCN presented for conversion in cash at the RCN Conversion Redemption Price if the RCN Conversion Price is less than or equal to 65% of the daily average of the traded volume weighted average prices of the Company's shares for the 45 consecutive business days period prior to issue date in respect of each tranche
Ranking of the Conversion Shares	:	The ordinary shares issued from conversion of RCN shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares

## NOTES TO THE FINANCIAL STATEMENTS

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## 26. Significant related party disclosures

## 26.1 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 6.

## 27. Segment information

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purposes of making decision about resource allocation and performance assessment.

## (i) Reporting segment

During the reporting period, the Group diversified its business to be involved the carrying out beauty and wellness business. Consequently, the Group has three reportable segments as follows:

- Investment holding and others
- Delivery segment
- Beauty and wellness segment

The above reportable segments are predominantly operating in Malaysia.

1.8.2020 to 31.12.2021	(Restated) Investment holding and others RM	(Restated) Delivery RM	(Restated) Consolidated RM
<b>Revenue</b>			
Revenue from external customers	6,088,657	54,153	6,142,810
<b>Results</b>			
Loss before tax	(7,316,176)	(733,762)	(8,049,938)
Income tax expense	(33,404)	-	(33,404)
Net loss for the period	(7,349,580)	(733,762)	(8,083,342)
Non-controlling interests	-	(293,505)	(293,505)
Loss attributable to owners of the Company	(7,349,580)	(440,257)	(7,789,837)

## NOTES TO THE FINANCIAL STATEMENTS

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(Cont'd)

## 27. Segment information (continued)

31.12.2021	(Restated) Investment holding and others RM	(Restated) Delivery RM	(Restated) Consolidated RM	
<b>Assets and liabilities</b>				
Segment assets	54,819,910	1,420,491	56,240,401	
Segment liabilities	10,768,123	1,856,766	12,624,889	
<b>Other information</b>				
Capital expenditure	39,976,628	-	39,976,628	
Depreciation on - plant and equipment	31,292	-	31,292	
<b>Non cash items other than depreciation and amortisation</b>				
Allowance for expected credit losses	(664,828)	-	(664,828)	
Plant and equipment written off	(7,027,056)	-	(7,027,056)	
Share option expenses	2,990,315	-	2,990,315	
<b>1.1.2022 to 30.6.2023</b>	<b>Investment holding and others RM</b>	<b>Delivery RM</b>	<b>Beauty and wellness RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>				
Revenue from external customers	9,444,623	468,476	6,074,644	15,987,743
<b>Results</b>				
Loss before tax	(15,336,908)	(780,902)	596,299	(15,521,511)
Income tax expense	(89,400)	-	(327,839)	(417,239)
Net loss for the period	(15,426,308)	(780,902)	268,460	(15,938,750)
Non-controlling interests	(1,528)	(312,361)	187,922	(125,967)
Loss attributable to owners of the Company	(15,424,780)	(468,541)	80,538	(15,812,783)

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

## 27. Segment information (continued)

30.6.2023	Investment holding and others RM	Delivery RM	Beauty and wellness RM	Consolidated RM
Segment assets	84,271,429	724,357	27,054,135	112,049,921
Segment liabilities	11,831,191	1,941,534	18,789,851	32,562,576
<b>Other information</b>				
Capital expenditure	17,015,052	1,400	-	17,016,452
Depreciation on - plant and equipment	79,462	-	712,719	792,181
<b>Non cash items other than depreciation and amortisation</b>				
Allowance for expected credit losses	(10,414,593)	(147,929)	(348,903)	(10,911,425)
Share option expenses	3,720,735	-	-	3,720,735

## (i) Major customers

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	1.1.2022 to 30.6.2023 RM	1.8.2020 to 31.12.2021 RM	Segment
Customer A	-	4,103,925	Investment holding and others
Customer B	-	1,981,132	Investment holding and others
Customer C	2,379,950	-	Investment holding and others

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 28. Financial instruments, financial risks and capital risk management

#### 28.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group (Restated)		Company (Restated)	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
<b>Financial assets</b>				
Amortised cost:				
- Trade and other receivables	21,784,913	2,121,313	6,816,258	3,259,979
- Cash and bank balances	384,164	2,157,129	70,104	2,060,784
	<u>22,169,077</u>	<u>4,278,442</u>	<u>6,886,362</u>	<u>5,320,763</u>
<b>Financial liabilities</b>				
Amortised cost:				
- Trade and other payables	10,004,968	12,591,989	571,259	11,891,698
- Borrowings	17,175,168	-	-	-
- Lease liabilities	1,166,185	-	558,367	-
	<u>28,346,321</u>	<u>12,591,989</u>	<u>1,129,626</u>	<u>11,891,698</u>

#### 28.2 Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

#### Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 180 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2023

(Cont'd)

**28. Financial instruments, financial risks and capital risk management (continued)****28.2 Financial risk management policies and objectives (continued)****Credit risk management (continued)****i) Trade receivables**

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. In determining the ECL of individual trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**ii) Other receivables**

Other receivables other than the amount due from subsidiaries of RM4,526,380 (31.12.2021: RM2,546,689) are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**iii) Cash and bank balances**

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions.

**Liquidity risk management**

The objective of liquidity management is to ensure that the Company has sufficient funds to meet its contractual and financial obligations. The Company manages its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flow. The Company's objective is to maintain a balance between continuity of funding and flexibility through the support from directors or shareholders.



**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2023

(Cont'd)

**28. Financial instruments, financial risks and capital risk management (continued)****28.2 Financial risk management policies and objectives (continued)****Liquidity risk management**

The table below summarises the maturity profile of the Company's financial assets and liabilities at the statement of financial position based on contractual undiscounted payments.

<b>2023 Group</b>	<b>1 year or less RM</b>	<b>1 to 5 years RM</b>	<b>Over 5 years RM</b>	<b>Total RM</b>
<u>Financial assets</u>				
Trade receivables	7,748,968	-	-	7,748,968
Other receivables, deposits and prepayments	14,035,945	-	-	14,035,945
Cash and cash equivalents	384,164	-	-	384,164
Total undiscounted financial asset	22,169,077	-	-	22,169,077
<u>Financial liabilities</u>				
Trade payables	3,925,061	-	-	3,925,061
Other payables and accruals	6,079,907	-	-	6,079,907
Borrowings	10,019,529	7,744,977	1,988,704	19,753,210
Lease liabilities	488,791	862,610	-	1,351,401
Total undiscounted financial liabilities	20,513,288	8,607,587	1,988,704	31,109,579
Total net undiscounted financial liabilities	1,655,789	(8,607,587)	(1,988,704)	(8,940,502)
<b>2022 Group</b>	<b>1 year or less RM</b>	<b>1 to 5 years RM</b>	<b>Over 5 years RM</b>	<b>Total RM</b>
<u>Financial assets</u>				
Trade receivables	1,631,877	-	-	1,631,877
Other receivables, deposits and prepayments	489,436	-	-	489,436
Cash and cash equivalents	2,157,129	-	-	2,157,129
Total undiscounted financial asset	4,278,442	-	-	4,278,442
<u>Financial liabilities</u>				
Other payables and accruals	12,591,989	-	-	12,591,989
Total undiscounted financial liabilities	12,591,989	-	-	12,591,989
Total net undiscounted financial liabilities	(8,313,547)	-	-	(8,313,547)

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

## 28. Financial instruments, financial risks and capital risk management (continued)

## 28.2 Financial risk management policies and objectives (continued)

## Liquidity risk management

<b>2023</b> <b>Company</b>	<b>1 year or less RM</b>	<b>1 to 5 years RM</b>	<b>Over 5 years RM</b>	<b>Total RM</b>
<u>Financial assets</u>				
Other receivables, deposits and prepayments	6,816,258	-	-	6,816,258
Cash and cash equivalents	70,104	-	-	70,104
Total undiscounted financial asset	6,886,362	-	-	6,886,362
<u>Financial liabilities</u>				
Trade payables	2,473	-	-	2,473
Other payables and accruals	656,251	-	-	656,251
Lease liabilities	141,600	542,800	-	684,400
Total undiscounted financial liabilities	800,324	542,800	-	1,343,124
Total net undiscounted financial assets	6,086,038	(542,800)	-	5,543,238

<b>2022</b> <b>Company</b>	<b>1 year or less RM</b>	<b>1 to 5 years RM</b>	<b>Over 5 years RM</b>	<b>Total RM</b>
<u>Financial assets</u>				
Trade and other receivables	53,952	-	-	53,952
Other receivables and deposit	3,206,027	-	-	3,206,027
Cash and cash equivalents	2,060,784	-	-	2,060,784
Total undiscounted financial asset	5,320,763	-	-	5,320,763
<u>Financial liabilities</u>				
Other payables and accruals	11,891,698	-	-	11,891,698
Total undiscounted financial liabilities	11,891,698	-	-	11,891,698
Total net undiscounted financial liabilities	(6,570,935)	-	-	(6,570,935)

## Market risk

## (a) Interest rate risk

The Group's lease liabilities 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.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

### 28. Financial instruments, financial risks and capital risk management (continued)

#### 28.2 Financial risk management policies and objectives (continued)

##### Market risk (continued)

##### (a) Interest rate risk (continued)

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.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount at the end of the reporting period was:

	<b>Group 30.6.2023 RM</b>
<b>Fixed rate instruments</b>	
Borrowings	7,000,000
<b>Floating rate instruments</b>	
Bank borrowings	2,035,346
Overdraft	7,285,197
	<u>9,320,543</u>

### 29. Fair value of assets and liabilities

#### (a) Fair Value Hierarchy

The fair values of the assets and liabilities are analysed into level 1 to 3 as follows:

- Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (b) Fair Value of Assets and Liabilities that are Carried at Fair Value

The fair value of the financial assets and financial liabilities by classes that are carried at fair values are as follows:

	<b>2023 Carrying amount RM</b>	<b>Fair value RM</b>
Leasehold land and buildings	2,679,852	2,929,383
Lease liabilities	1,166,185	1,166,090
Borrowings	16,730,923	13,732,849

**NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2023  
(Cont'd)**29. Fair value of assets and liabilities (continued)**

- (c) *Fair Value of Financial Instruments by Classes that are not Carried at Fair Value and Whose Carrying Amounts are not Reasonable Approximation of Fair Value.*

The Group and the company does not have any assets and liabilities that are not carried at fair value.

- (d) *Trade and Other Receivables, Cash and Cash Equivalents, Bank Borrowings, Trade and Other Payables.*

The carrying amount of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature of that they are floating rate instruments that are re-priced at market interest rates on or near the reporting date.

**30. Capital structure and capital risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

As at the reporting date, the Group's strategy was unchanged from 31.12 2022 which is to finance wholly by equity.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

(Cont'd)

### 31. Prior year adjustments

The prior year adjustments are in respect of below:

- Omission of recognition of drone and its intangible assets
- Omission of recognition of liabilities
- Written off of assets and liabilities omitted

These fundamental errors have now been recognised by way of retrospective adjustments. The effects of the fundamental errors on the Group's financial statements are as follows:

	As previously reported RM	Prior year adjustments RM	As restated RM
<b>Group</b>			
<b>Statement of comprehensive income for the period ended 31 December 2021</b>			
Other operating income	23,773	5,174,485	5,198,258
Administrative expenses	(9,805,803)	(5,463,013)	(15,268,816)
Net loss/Total comprehensive loss for the period	(7,794,814)	(288,528)	(8,083,342)
Net loss/Total comprehensive loss for the period attributable to:			
Owner of the Company	(7,456,219)	(333,618)	(7,789,837)
Non-controlling interests	<u>(338,595)</u>	<u>45,090</u>	<u>(293,505)</u>
<b>Statement of financial position as at 31 December 2021</b>			
<b>Non current assets</b>			
Property, plant and equipment	38,740,869	1,204,011	39,944,880
Intangible asset	-	9,240,000	9,240,000
<b>Current assets</b>			
Trade receivables	2,022,331	(390,454)	1,631,877
Other receivables, deposits and prepayments	1,040,303	(550,867)	489,436
<b>Current liabilities</b>			
Trade payables	(187,833)	187,833	-
Other payables and accruals	(3,334,077)	(9,257,912)	(12,591,989)
<b>Equity</b>			
Accumulated losses	(23,381,869)	289,381	(23,092,488)
Non-controlling interests	<u>(315,523)</u>	<u>143,230</u>	<u>(172,293)</u>
<b>Statement of financial position as at 1 August 2020</b>			
<b>Non current assets</b>			
Property, plant and equipment	131,907	(73,929)	57,978
<b>Current assets</b>			
Other receivables, deposits and prepayments	3,554,790	(4,380)	3,550,410
<b>Current liabilities</b>			
Other payables and accruals	(2,325,831)	799,449	(1,526,382)
<b>Equity</b>			
Accumulated losses	(15,925,650)	623,000	(15,302,650)
Non-controlling interests	<u>23,062</u>	<u>98,140</u>	<u>121,202</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023  
(Cont'd)

## 31. Prior year adjustments (continued)

	As previously reported RM	Prior year adjustments RM	As restated RM
<b>Company</b>			
<b>Statement of comprehensive income for the period ended 31 December 2021</b>			
Other operating income	14,273	5,079,699	5,093,972
Administrative expenses	(8,865,823)	(4,224,467)	(13,090,290)
Net loss/Total comprehensive loss for the period	<u>(6,870,922)</u>	<u>855,232</u>	<u>(6,015,690)</u>
<b>Statement of financial position as at 31 December 2021</b>			
<b>Non current assets</b>			
Property, plant and equipment	38,684,880	1,260,000	39,944,880
Intangible asset	-	9,240,000	9,240,000
<b>Current assets</b>			
Trade receivables	444,406	(390,454)	53,952
Other receivables, deposits and prepayments	2,496,027	710,000	3,206,027
<b>Current liabilities</b>			
Trade payables	187,833	(187,833)	-
Other payables and accruals	2215,342	9,676,356	11,891,698
<b>Equity</b>			
Accumulated losses	<u>(19,206,235)</u>	<u>1,331,023</u>	<u>(17,875,212)</u>
<b>Statement of financial position as at 1 August 2020</b>			
<b>Current liabilities</b>			
Other payables and accruals	1,453,938	(475,791)	978,147
<b>Equity</b>			
Accumulated losses	<u>(15,325,628)</u>	<u>475,791</u>	<u>(14,849,837)</u>

Consequently, certain comparative figures in the related notes and statement of cash flows of the Group and the Company have also been reclassified for consistency in presentation.

## 32. Events subsequent to the reporting date

Subsequent to the reporting date, the Group:

- (i) Issuance of 31,191,180 new ordinary shares pursuant to the exercise of Share Issuance Scheme ("SIS") options at the exercise price of RM0.0272.

## 33. Comparative figures

The comparative figures relate to the 17 months for the period 1 August 2020 to 31 December 2021 and hence are not comparable to those of the current 18 months period ended 30 June 2023.



**ANALYSIS OF SHAREHOLDINGS**

AS AT 20 SEPTEMBER 2023

TOTAL NUMBER OF ISSUED SHARES	:	1,204,649,650
CLASSES OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	One vote per ordinary share (on poll)

**ANALYSIS OF SHAREHOLDINGS**

Size of Shareholding	No of Holders	%	No. of Shares	%
1 - 99	254	3.331	9,976	0.001
100 – 1,000	798	10.466	331,632	0.028
1,001 - 10,000	1,897	24.879	11,424,746	0.948
10,001 – 100,000	3,150	41.311	141,503,950	11.746
100,001 – 60,232,482*	1,526	20.013	1,051,379,346	87.277
60,232,483 AND ABOVE**	0	0.000	0	0.000
<b>TOTAL</b>	<b>7,625</b>	<b>100.00</b>	<b>1,204,649,650</b>	<b>100.00</b>

**Remark:**

\* Less than 5% of issued shares

\*\* 5% and above issued shares

**SUBSTANTIAL SHAREHOLDER**

As per the Register of Substantial Shareholders

Name	Direct Interest	% of Issued Capital	Indirect Interest	% of Issued Capital
-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**DIRECTORS' INTERESTS IN SHARES**

As per the Register of Directors' Shareholdings

Name	Direct Interest	% of Issued Capital	Indirect Interest	% of Issued Capital
Datuk Azmi Bin Osman	45,037,477	3.739	-	-
Dato' Sri Shahrudin Bin Khalid	-	-	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Dato' Saiful Nizam Bin Mohd Yusoff	-	-	-	-
Datuk Seri Tan Choon Hwa	20,000,000	1.660	-	-
Mahnorizal Bin Mahat	-	-	-	-
Cheah Ben Lee	-	-	-	-
Chua Ser Terk	-	-	-	-
Lam Hwan Chui	-	-	-	-

**ANALYSIS OF SHAREHOLDINGS**

AS AT 20 SEPTEMBER 2023

(Cont'd)

**LIST OF THIRTY LARGEST SHAREHOLDERS**

No.	Name	No. of Shares	% of Shares
1.	LEE KHIM HWA	27,600,000	2.291
2.	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR AZMI BIN OSMAN	25,360,951	2.105
3.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAI CHAN KEET	22,035,100	1.829
4.	PANG CHIN KAN	20,800,000	1.727
5.	AZMI BIN OSMAN	19,676,526	1.633
6.	SAZINI BINTI ABDULLAH	18,514,730	1.537
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON (MY1055)	14,000,000	1.162
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN	13,024,400	1.081
9.	TAI TEAN SENG	12,852,500	1.067
10.	LIM SOOK CHEAN	12,533,889	1.040
11.	SALLY YAP PHAIK KEOW	12,000,000	0.996
12.	AMIRUL RAHMAN BIN ABDUL RAHIM	11,400,000	0.946
13.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TE SIOW CHENG	11,000,000	0.913
14.	YAW CHIH JIA	10,231,700	0.849
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA (7007201)	10,000,000	0.830
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN @ TAN PEK-HAN (MF00027)	10,000,000	0.830
17.	JACOB MATHEW A/L K.M.MATHEW	10,000,000	0.830
18.	ONG NGOH ING @ ONG CHONG OON	9,000,000	0.747
19.	ABDUL HAMED BIN SEPAWI	8,550,000	0.710
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM	8,500,000	0.706
21.	BOO LEAN TAT	8,500,000	0.706
22.	YONG YOOK SENG	7,083,200	0.588
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA	7,000,000	0.581
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN @ TAN PEK-HAN	6,500,000	0.540
25.	PHEH SIEW KENG	6,133,600	0.509
26.	LOW TAI HWEE	5,100,000	0.423
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMED FAROZ BIN MOHAMED JAKEL	5,000,000	0.415
28.	KOH CHEE MENG	5,000,000	0.415
29.	TAN HOOI EE	4,970,000	0.413
30.	CHONG KIT SING	4,850,000	0.403
		<b>347,216,596</b>	<b>28.822</b>

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of SMTRACK BERHAD will be conducted on fully virtual basis via an Online Meeting Platform at <http://bit.ly/45SURQb> on Wednesday, 27 December 2023 at 11.00 a.m. to transact the following business:-

### AGENDA

1. To receive the Audited Financial Statements for the financial period ended 30 June 2023 together with Reports of the Directors' and the Auditors' thereon.

**Please refer to Note 8**

2. To approve the Directors' fees and benefits of payable up to an amount of RM1,175,000.00 for the period from 28 December 2023 until the next Annual General Meeting of the Company to be held in 2024.

**Ordinary Resolution 1**

3. To re-elect the following Directors who retire pursuant to Clause 97 of the Constitution of the Company:-

(i) Dato' Zaidi Bin Mat Isa @ Hashim

**Ordinary Resolution 2**

(ii) Dato' Sri Shaharuddin Bin Khalid

**Ordinary Resolution 3**

4. To re-elect the following Directors who retire pursuant to Clause 104 of the Constitution of the Company:-

(i) Mr. Cheah Ben Lee

**Ordinary Resolution 4**

(ii) Mr. Chua Ser Terk

**Ordinary Resolution 5**

(iii) Ms. Lam Hwan Chui

**Ordinary Resolution 6**

5. To re-appoint Messrs. ChengCo PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 7**

6. **AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

**"THAT** subject always to the Companies Act, 2016 ("Act"), Company's Constitution, 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 THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

**NOTICE OF ANNUAL GENERAL MEETING**

(Cont'd)

**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."

**Ordinary Resolution 8**

7. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD  
**SMTACK BERHAD**

**WONG YOUN KIM** (MAICSA 7018778)  
(SSM Practising Certificate No.: 201908000410)  
Company Secretary

Kuala Lumpur  
Date: 31 October 2023

**NOTES :****REMOTE PARTICIPATION AND VOTING**

1. The Broadcast Venue of the Annual General Meeting ("AGM") is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies/corporate representatives shall be physically present at the Broadcast Venue on the meeting day. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at [www.smtrackberhad.my](http://www.smtrackberhad.my), for the remote participation and voting at the AGM using the Virtual Meeting Facilities.

**INFORMATION FOR SHAREHOLDERS/PROXIES**

2. A member entitled to attend and vote at the meeting of the Company is entitled to appoint up to two (2) proxies to attend and vote in his stead, and that a proxy may but need not be a Member.
3. Where a member appoints more than one proxy to attend at the same meeting, the instrument of proxy must specify the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account ("Omnibus account") it holds with ordinary shares of the Company standing to the credit of the said securities account.

## NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized certified copy of that power or authority, shall be deposited at the registered office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding the meeting and any adjournment thereof.
7. In respect of deposited securities, only a member whose names appear on the Record of Depositors on 19 December 2023 shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/vote on his behalf.
8. Agenda 1 is to table the Audited Financial Statements pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016 and is meant for discussion only. It does not require a formal approval and/or adoption by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### Ordinary Resolution 8

##### - Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

The Proposed Ordinary Resolution 8, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the last AGM held on 30 June 2022 which will lapse at the conclusion of this AGM.

This authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

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.

There were no shares issued from the previous mandate given to the Directors at the last AGM held on 30 June 2022.

## NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

### PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## STATEMENT ACCOMPANYING THE NOTICE ANNUAL GENERAL MEETING

1. The Seventeenth Annual General Meeting of the Company will be conducted on fully virtual basis via an Online Meeting Platform at <http://bit.ly/45SURQb> on Wednesday, 27 December 2023 at 11.00 a.m.
2. The Directors who are standing for re-election at the Seventeenth Annual General Meeting of the Company pursuant to Clause 97 of the Company's Constitution are: -
  - a) Dato' Zaidi Bin Mat Isa @ Hashim
  - b) Dato' Sri Shaharuddin Bin Khalid

The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on page 8 and page 10 of this Annual Report.

3. The Directors who are standing for re-election at the Seventeenth Annual General Meeting of the Company pursuant to Clause 104 of the Company's Constitution is: -
  - a) Mr. Cheah Ben Lee
  - b) Mr. Chua Ser Terk
  - c) Ms. Lam Hwan Chui

The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on page 13 to page 15 of this Annual Report.

4. The details of attendance of the Directors of the Company at Board of Directors Meetings held during the financial period ended 30 June 2023 are disclosed in the Corporate Governance Overview Statement set out on page 27 of this Annual Report.



**SMTRACK BERHAD**

Registration No.: 200401000918 (639421-X)  
(Incorporated in Malaysia)

**PROXY FORM**

CDS Account No.	
No. of shares held	

I/We, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)  
Telephone number \_\_\_\_\_ Email address \_\_\_\_\_ being a Member

Members of **SMTRACK BERHAD** hereby appoint \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

Telephone number \_\_\_\_\_ Email address \_\_\_\_\_ or failing whom,

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

Telephone number \_\_\_\_\_ Email address \_\_\_\_\_  
or failing whom, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company ("the Meeting") will be conducted on fully virtual basis via an Online Meeting Platform at <http://bit.ly/45SURQb> on Wednesday, 27 December 2023 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

	Resolution	For	Against
Ordinary Resolution 1	To approve the Directors' fees and benefits of payable up to an amount of RM1,175,000.00 for the period from 28 December 2023 until the next Annual General Meeting of the Company to be held in 2024.		
Ordinary Resolution 2	Re-election of Dato' Zaidi Bin Mat Isa @ Hashim as Director.		
Ordinary Resolution 3	Re-election of Dato' Sri Shaharuddin Bin Khalid as Director.		
Ordinary Resolution 4	Re-election of Mr. Cheah Ben Lee as Director.		
Ordinary Resolution 5	Re-election of Mr. Chua Ser Terk as Director.		
Ordinary Resolution 6	Re-election of Ms. Lam Hwan Chui as Director.		
Ordinary Resolution 7	Re-appointment of Messrs. ChengCo PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	Authority for Directors to allot and issue shares under Sections 75 and 76 of the Companies Act, 2016.		

Please indicate with an "X" in the spaces provided, how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Signature/Common Seal	Proxy 1	Proxy 2	Total
Date: _____			100%

**NOTES :**

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- Where a member appoints more than one proxy to attend at the same meeting, the instrument of proxy must specify the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account ("omnibus account") it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized certified copy of that power or authority, shall be deposited at the registered office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding the meeting and any adjournment thereof.
- In respect of deposited securities, only a member whose names appear on the Record of Depositors on 19 December 2023 shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/vote on his behalf.

Fold This Flap For Sealing

Then Fold Here

AFFIX  
STAMP

The Company Secretary  
**SMTRACK BERHAD**  
Registration No. 200401000918 (639421-X)  
LEVEL 5, TOWER 8, AVENUE 5, HORIZON 2  
BANGSAR SOUTH CITY  
59200 KUALA LUMPUR

1st Fold Here

## **SMTRACK BERHAD**

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Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur

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**SMTRACK BERHAD**  
(639421-X)



**EPCglobal** 