



## **KRONOLOGI ASIA BERHAD**

Registration No.: 201301037868 (1067697-K)



# **ANNUAL REPORT 2023**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Geoffrey Ng Ching Fung**  
Independent Non-Executive  
Chairman

**Edmond Tay Nam Hiong**  
Executive Director cum Chief  
Executive Officer

**Tan Jeck Min**  
Executive Director cum Chief  
Operating Officer

**John Chin Shoo Ted**  
Senior Independent Non-Executive  
Director

**Kok Cheang-hung**  
Independent Non-Executive Director

**Lai Ching Thing**  
Executive Director  
(Appointed on 2 May 2023)

### AUDIT COMMITTEE

Kok Cheang-hung (Chairman)  
Geoffrey Ng Ching Fung  
John Chin Shoo Ted

### NOMINATION COMMITTEE

John Chin Shoo Ted (Chairman)  
Geoffrey Ng Ching Fung  
Kok Cheang-hung

### REMUNERATION COMMITTEE

John Chin Shoo Ted (Chairman)  
Geoffrey Ng Ching Fung  
Kok Cheang-hung

### SHARE GRANT PLAN COMMITTEE

Tan Jeck Min (Chairman)  
Geoffrey Ng Ching Fung  
Wong Mei Yee

### COMPANY SECRETARIES

Tea Sor Hua (MACS 01324)  
(SSM Practising Certificate No.  
201908001272)

Lee Siew Fun (MAICSA 7063623)  
(SSM Practising Certificate No.  
202008000735)

### REGISTERED OFFICE

Third Floor, No. 77, 79 & 81  
Jalan SS 21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03 7728 1777  
Fax : 03 7722 3668

### BUSINESS OFFICE

Level 28-D, Axiata Tower  
No. 9, Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03 2773 5700  
Fax : 03 2773 5710

### SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03 2783 9299  
Fax : 03 2783 9222

### AUDITORS

PKF PLT  
(202206000012 (LLP0030836-LCA)  
& AF0911)  
Level 33, Menara 1MK  
Kompleks 1 Mont Kiara  
No. 1, Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03 6203 1888  
Fax : 03 6201 8880

### PRINCIPAL BANKER OF THE GROUP

Standard Chartered Bank  
The Hong Kong and Shanghai  
Banking Corporation Limited

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Code : 0176  
Stock Name: KRONO

# CORPORATE PROFILE

**KRONOLOGI ASIA BERHAD (“KRONOLOGI” or “the Company”)** is Asia’s leading authority in cutting-edge Enterprise Data Management (“EDM”) solutions listed on the ACE Market of Bursa Malaysia Securities Berhad (0176/KRONO).

The Company and its subsidiaries (“the Group”) provides Hybrid and Cloud Enterprise Data Management technology and solutions, such as IT Infrastructure Optimisation and Data Protection.

Kronologi’s success stems from helping enterprises unlock the power of relevant technologies for smart cities, data centers, geospatial, backup, archive, and cloud providers.

As technological requirements differ according to specific business objectives, Kronologi provides innovative “As-A-Service” and customisable solutions – on-premise, cloud-based, and hybrid.

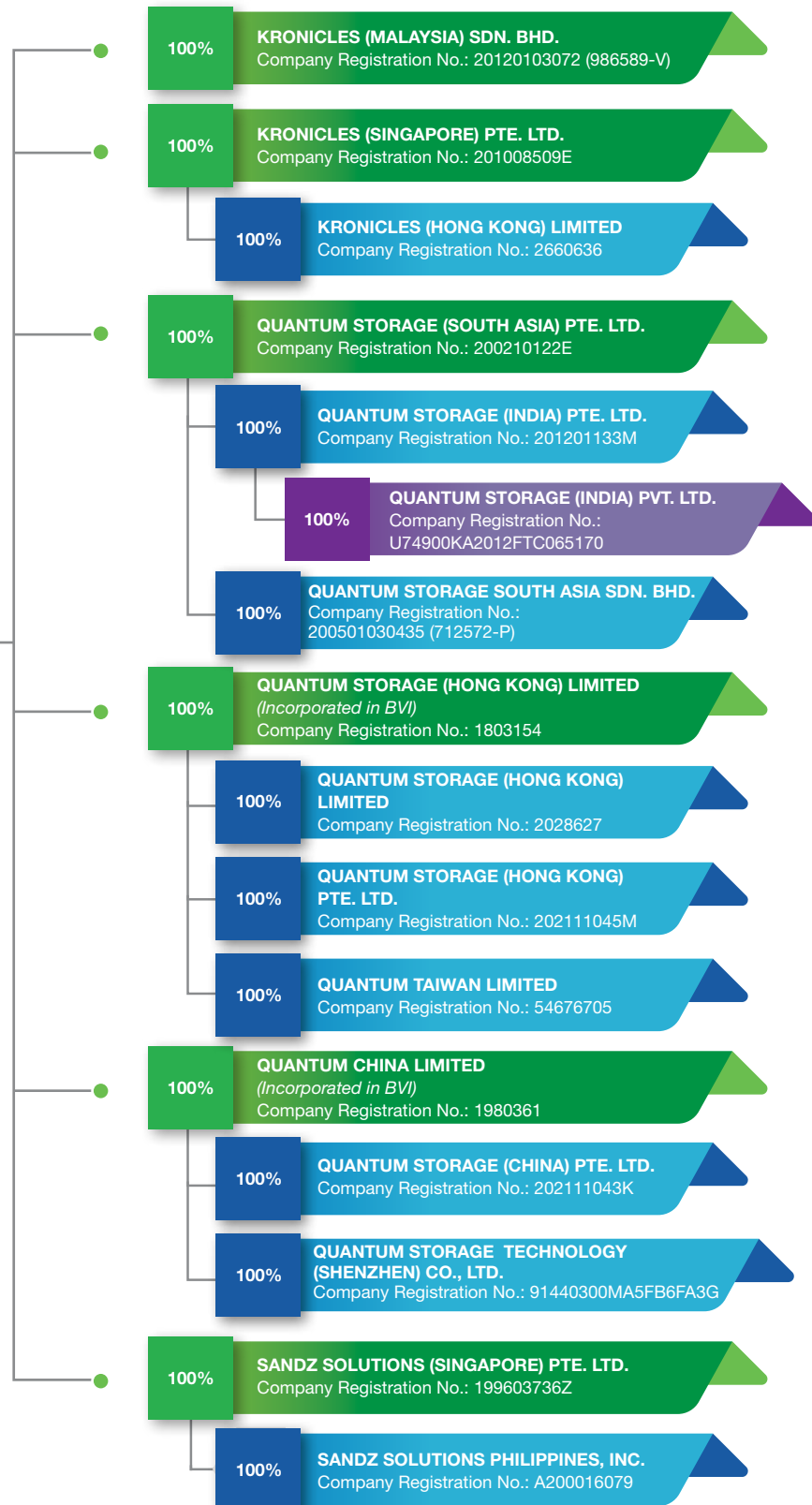
With an extensive regional presence in countries like Malaysia, Singapore, Thailand, Philippines, Indonesia, India, Hong Kong, Taiwan and China, the Group is well positioned to add value to enterprises in the Asia Pacific region.

## CORPORATE STRUCTURE



### KRONOLOGI ASIA BERHAD

Company Registration No.:  
201301037868 (1067697-K)



## INVESTORS RELATIONS AND KEY FINANCIAL HIGHLIGHTS

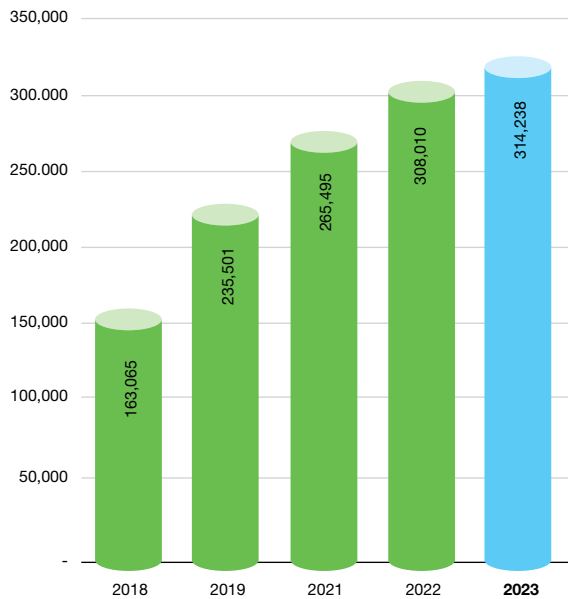
	FINANCIAL YEAR/PERIOD ENDED 31 JANUARY			FINANCIAL YEAR ENDED 31 DECEMBER	
	2023 RM'000	2022 RM'000	2021 RM'000	2019 RM'000	2018 RM'000
<b>RESULTS</b>					
Revenue	<b>314,238</b>	308,010	265,495	235,501	163,065
Profit before interest and tax expense	<b>31,880</b>	29,928	5,702	25,950	18,079
Interest expense	<b>(2,667)</b>	(1,428)	(1,539)	(2,032)	(1,099)
Profit before tax expense	<b>29,213</b>	28,500	4,163	23,918	16,980
Tax expenses	<b>(4,710)</b>	(4,847)	(2,743)	(5,322)	(720)
Profit for the financial year/period, attributable to the owners of the Company	<b>24,503</b>	23,653	1,420	18,596	16,260
<b>ASSETS</b>					
Property, plant and equipment	<b>71,392</b>	57,409	43,845	45,591	21,385
Goodwill on consolidation	<b>263,295</b>	263,295	119,546	119,590	62,904
Intangible assets	<b>231</b>	3,399	3,791	4,126	4,530
Investment in an associate	-	-	13,920	12,928	12,640
Other non-current assets	<b>9,812</b>	9,246	7,657	8,339	2,728
Current assets	<b>242,601</b>	239,680	182,012	172,208	142,261
Total Assets	<b>587,331</b>	573,029	370,771	362,782	246,448
<b>EQUITY AND LIABILITIES</b>					
Total shareholders' equity	<b>416,725</b>	355,394	242,394	223,020	163,520
Borrowings & lease liabilities	<b>48,870</b>	43,220	37,972	39,846	32,866
Other non-current liabilities	<b>15,612</b>	17,218	12,802	15,496	9,074
Current liabilities	<b>106,124</b>	157,197	77,603	84,420	40,988
Total Liabilities	<b>170,606</b>	217,635	128,377	139,762	82,928
Total Equity and Liabilities	<b>587,331</b>	573,029	370,771	362,782	246,448
<b>FINANCIAL RATIOS</b>					
Basic earnings per share (sen)	<b>3.47</b>	3.82	0.28	4.04	4.51
Diluted earnings per share (sen)	<b>3.38</b>	3.41	*	3.97	*
Interest cover (times)	<b>11.95</b>	20.96	3.71	12.77	16.45
Net assets per share (RM)	<b>0.58</b>	0.54	0.46	0.46	0.41
Gearing ratio	<b>11.73%</b>	12.16%	15.67%	17.87%	20.10%
Return of average shareholders' equity	<b>6.35%</b>	7.91%	0.61%	9.62%	11.89%
Return of average capital employed	<b>8.26%</b>	10.01%	2.45%	13.43%	13.22%

Notes

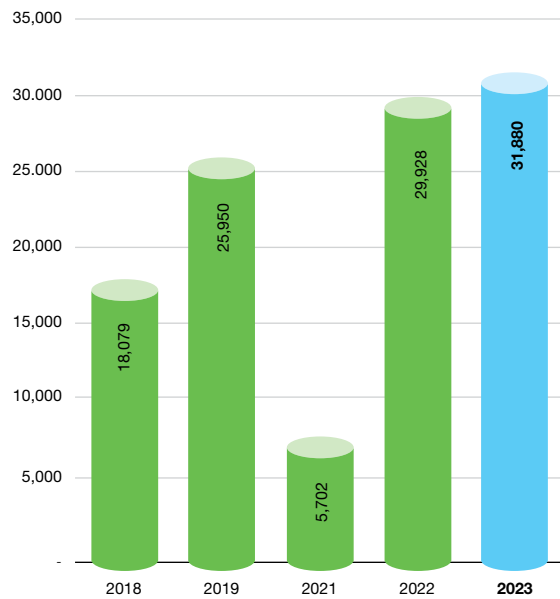
\* No diluted earnings per share is presented as there are no potential dilutive ordinary shares at each financial year/period.

## Investors Relations and Key Financial Highlights (cont'd)

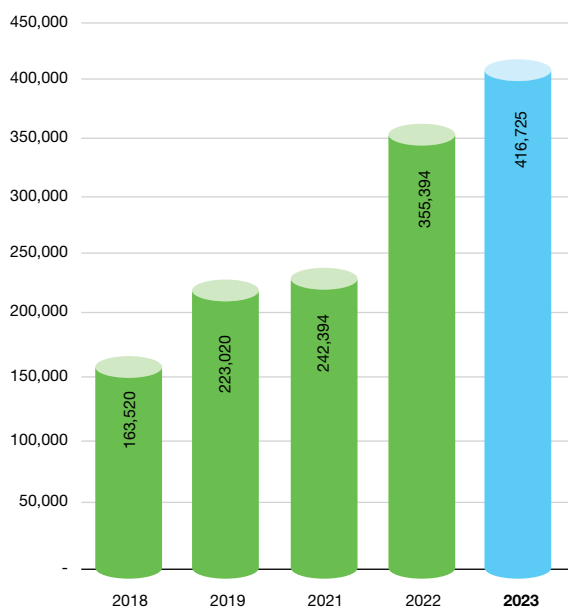
**Revenue (RM'000)**



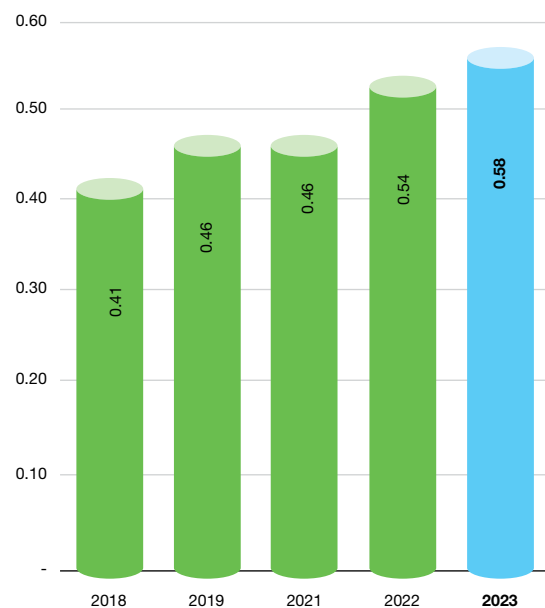
**Profit before interest and tax expense (RM'000)**



**Shareholders' equity (RM'000)**



**Net assets per share (RM)**



# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Dear Shareholders,***

On behalf of the Board of Directors, I would like to express my sincere appreciation for the continuous trust and support you have put in us toward steering Kronologi Asia Berhad (“the Company”) growth path. This section is to provide shareholders with an overview of the business operations of the Company and its subsidiaries (“the Group”), financial review for the financial year ended 31 January 2023 (“FY2023”) and the Group’s business expectations for the financial year ending 31 January 2024 (“FY2024”).

### **CORE BUSINESS**

We specialise in Enterprise Data Management (“EDM”).

There has been no change to the Group’s core activities in FY2023, namely provision of:-

- 1) Enterprise Data Management Infrastructure Technology (“EDM IT”) and
- 2) Cloud and Hybrid As-A-Service (“AAS”)

### **GROUP PERFORMANCE REVIEW**

Despite various global challenges, the Group was well positioned to benefit from a continued recovery in demand for Data Management solutions. In comparison to the financial year ended 31 January 2022 (“FY2022”), the Group’s business segments have delivered very respectable growth, especially in the AAS segment. These achievements are attributable to the meticulous execution of our corporate strategy, driven commitment from its management team and all employees, and via the careful stewardship from the Board of Directors.

FY2023 is a record year for the Group, with Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) rising 21% to RM57.376 million (from RM47.575 million in FY2022). The increase in PAT of RM24.503 million during the financial year was derived mainly from the EDM Infrastructure Technology segment where revenue contribution remained healthy from existing markets that the Group operates in.

### **GROUP PERFORMANCE REVIEW (Cont’d)**

The Group’s interest cover dropped to a still impressive 12 times (FY2022: 21 times). This drop was due to higher effective interest rate of 7.47% per annum (FY2022: 2.74%). Presently, the Group has a strong Balance Sheet with a low debt ratio of less than 0.3, and a healthy Cash and Cash Equivalents of more than RM100 million. The Group will continue to diligently manage its capital funding requirements in a proactive manner to optimise its financial gearing vis-à-vis providing accretive value to shareholders.

The Group executed well on the factors under our control in order to proactively manage its overall risk in the face of a weakening IT spending environment and continued cloud cost optimisation. Building on these solid foundations, the Group is well poised and confident to take advantage of the secular growth trend in a Data Driven Digitalisation world with multiple use cases for Artificial Intelligence, Internet of Things, and machine learning type of Data Platform in a Hybrid Manner; On-Prem and Cloud. We continued to make progress on our long-term business transformation, with disciplined execution of our initiatives aimed at driving growth.



## Management Discussion and Analysis (cont'd)

### ANTICIPATED/ KNOWN RISKS AND MITIGATING PLANS/ STRATEGIES

#### Operational risk

The major operational risks that the Group are exposed to are inventory obsolescence, chip shortage and bad debts resulting from customer (trade) defaults, which together form the bulk of the total current assets, net of cash.

In managing these risks, our well established, stringent inventory-control, credit-control policies and valued engineering continued to function effectively during the financial year, with total amount of obsolete inventory stock, chip shortage and bad debts being at levels well within our general provision ranges.

#### Business and Economic risk

The Russia-Ukraine war and the tension between USA and China have created several uncertainties and disruptions. For FY2024, global growth due to macro environment may slow down in the beginning, but we are expecting it to recover modestly in the later part of the year.

Despite this unprecedented upheaval in the markets we operate in, the Group foresees that the economic and business risks are relatively short term in nature, where we remain confident that demand for the Group's solutions will normalise in the middle and long-term.

### EDM IT

#### Operations review

EDM IT continued to be the key driver for the Group in both revenue and segmental operating profit. The EDM IT segment amounting to RM250.867 million or 80% of total revenue and registered segment profit growth of 7.0% to RM26.203 million in FY2023. By geography, Singapore, China and Philippines are the largest contributors to this segment at 86% of total revenue.

### AAS

#### Operations review

AAS is an important strategic business segment of the Group as it serves as an essential platform to generate recurring and subscription based revenue streams. This is with the aim to improve shareholder returns through the provision of Cloud and Hybrid managed services to customers. Together with EDM IT, AAS provides a more complete portfolio of data management solutions to our customers, assist our customers to adapt and adopt cloud-based services and also improve profitability to the Group.

Despite a challenging FY2023, the Group's AAS registered revenue growth of 20% to RM63.372 million as compared with RM52.669 million in FY2023. This segment also registered RM7.061 million in profits for FY2023.

#### Future Prospects

On the back of our strong track record in regularly delivering profits, the Group is highly confident of another strong showing for FY2024 – for both the near-term and longer-term outlooks. In addition, the Group has been putting in place certain initiatives that will only further strengthen our value proposition to customers, especially when the spending environment rebounds.

### DIVIDEND POLICY

The Company has yet to establish any dividend policy as it continues to pursue a growth strategy involving continuing infrastructure investment and, potential mergers and acquisitions.

### STRATEGIC FOCUS

With a conducive business environment, our corporate strategy enables us to deliver growth today, while ensuring we generate sufficient cash flow to invest in our future. The foundation upon which our strategies are built has been in place and we will continue to focus our activities in areas that value add to our stakeholders such as solutions-based technology, service, productivity and creating a winning organisation.

## Management Discussion and Analysis (cont'd)

### STRATEGIC FOCUS (Cont'd)

#### Cloud-Based Services

With new adoptions and market demand for Hybrid and Private Cloud-based services that customers are adopting, the Group will continue to innovate and push out such services to meet customers' demand thru new AAS and Customer Cloud centre initiatives.

#### Hyperscaler

As public cloud provider and datacentre goes greener with limitation of space and power, the Group is well poised to continue our services and solutions to large scale Hyperscale Datacentre and Cloud provider to meet massive unstructured data growth and 100 years archive.

#### Solutions-Based Technology

The Group will strive to develop its brand awareness, innovation and new products via research and development and technology to meet customers' ever-changing needs.

#### Service

The Group will strive to provide timely and professional services to its customers with up-skilling, training and workshops conducted either in-house or through third parties.

#### Productivity

The Group will endeavour to effectively deploy its resources to produce better results and increase overall efficiency and profitability.

#### Winning organisation

Aligned with our commitment to all our stakeholders, the Group is also committed to enhancing our current Environment, Social and Governance ("ESG") practices. We believe this will also help to substantially strengthen our firm by attracting and retaining competent staff, promote teamwork and create a conducive working environment.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to thank you for your continued support of our goals, our leadership and your patience.

Finally and most importantly, we would like to take this opportunity to express our gratitude and thanks to the management and staff of the Group for their enduring commitment and resolve to be the best in the business.

Dedicated to delivering value and quality to our customers. Always,

**Edmond Tay Nam Hiong**

Executive Director cum Chief Executive Officer

# SUSTAINABILITY STATEMENT

Kronologi Asia Berhad (“Kronologi”) and its subsidiaries (“the Group”) is moving towards embracing sustainability by implementing a creative approach towards the process. The Group understands the importance of implementing the Environment, Social and Governance (“ESG”) aspects into the business and we are pleased to present our seventh annual Sustainability Statement comprehensively detailing our ESG progress and initiatives for the financial year ended 31 January 2023 (“FY2023”).

As we strive towards a more sustainable future, the Group is committed to improving our ESG practices year-on-year with added initiatives and drives to enhance our role in this movement.

## SUSTAINABILITY HIGHLIGHTS FY2023



Established Sustainability Committee  
and Sustainability Working Group



Zero cases of corruption,  
misconduct and compliances



Introduced four (4) UN SDGs



Reassessment of material matters and  
generation of material matrix



Zero complaints on data  
security breaches

## SCOPE AND BOUNDARY

Our FY2023 Sustainability Statement encompasses the Group with focus on our two (2) core business segments; Enterprise Data Management Infrastructure Technology (“EDM IT”) and Cloud and Hybrid As-A-Service (“AAS”). The ESG data are obtained from our operations in Malaysia, China, Hong Kong, India, Philippines, Singapore, Taiwan and others.

## Sustainability Statement (cont'd)

### REPORTING FRAMEWORK

This statement has been prepared with reference to the Sustainability Reporting Guide (2<sup>nd</sup> Edition), issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). To improve the breadth and comparability of our sustainability reporting this year, our ESG disclosures are made with reference to the Global Reporting Initiative ("GRI") Standards. Additionally, we have introduced the United Nations Sustainable Development Goals ("UN SDGs") into our reporting this year to demonstrate our support and contribution to international sustainability ambitions.



### FEEDBACK AND ACCESSIBILITY

We value feedback from our stakeholders to further enhance our sustainability performance and disclosures. Please contact us at:-

[hr@kronologi.asia](mailto:hr@kronologi.asia)

This statement forms part of our Group's Annual Report and can be downloaded from "Investor Centre & Reports > Annual Reports" on our corporate website:-

<https://www.kronologi.asia/investor-centre-reports/>

## Sustainability Statement (cont'd)

### OUR COMMITMENT TO SUSTAINABILITY

We recognise the importance of embedding sustainability practices to ensure the longevity of our business. As such, we continued to maintain proven practices, and incorporate improvements in our ESG initiatives and reporting this year.

#### Our Sustainability Journey

We began our sustainability journey in financial year 2016 and prepared our first sustainability report by identifying the material matters that were important to the business and to the stakeholders and grouped them in terms of *Environment, Workplace and Community*. These material matters remained the same until financial year ended 31 January 2022.

Subsequently, in FY2023, we significantly enhanced our sustainability reporting drive by conducting a thorough materiality reassessment, introducing eleven (11) new material matters, renaming our sustainability pillars, adopting four (4) UN SDGs, forming a sustainability governance structure and conducting stakeholder engagement.

#### Alignment with The Sustainable Development Goals ("SDGs")

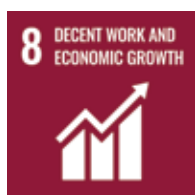
In 2015, the member states of the United Nations, including Malaysia, unanimously agreed to Agenda 2030 which contains 17 SDGs comprising of 169 targets with the aim of transforming the world for the better. Enacting initiatives to achieve these universal targets serves to create and sustain positive changes in social, economic and environmental sustainability for all walks of life; ensuring global wellbeing of human beings.

These 17 SDGs address a broad range of social issues, environmental issues, inequalities and innovations. At Kronologi, we are determined to do our part in contributing to these global ambitions and leave a lasting impression on future generations. This year, we have adopted four (4) SDGs that are most relevant to our operations, and where we feel our contributions can have the greatest impact.

## Sustainability Statement (cont'd)

### OUR COMMITMENT TO SUSTAINABILITY (CONT'D)

#### Kronologi's UN SDGs Contributions



Target 8-6: We are committed to ensuring the well-being of our employees, providing professional development and training as well as offering attractive employee benefits for better quality of life



Target 9-5: We provide comprehensive services to our clients by exploring new technologies and solutions through innovation to add value



Target 12-5: We have substantially reduced waste generation through the mindful management of paper usage

Target 12-6: We have adopted sustainability practices such as monitoring our electricity consumption and integrated sustainability information into this year's reporting as a yardstick for future enhancements



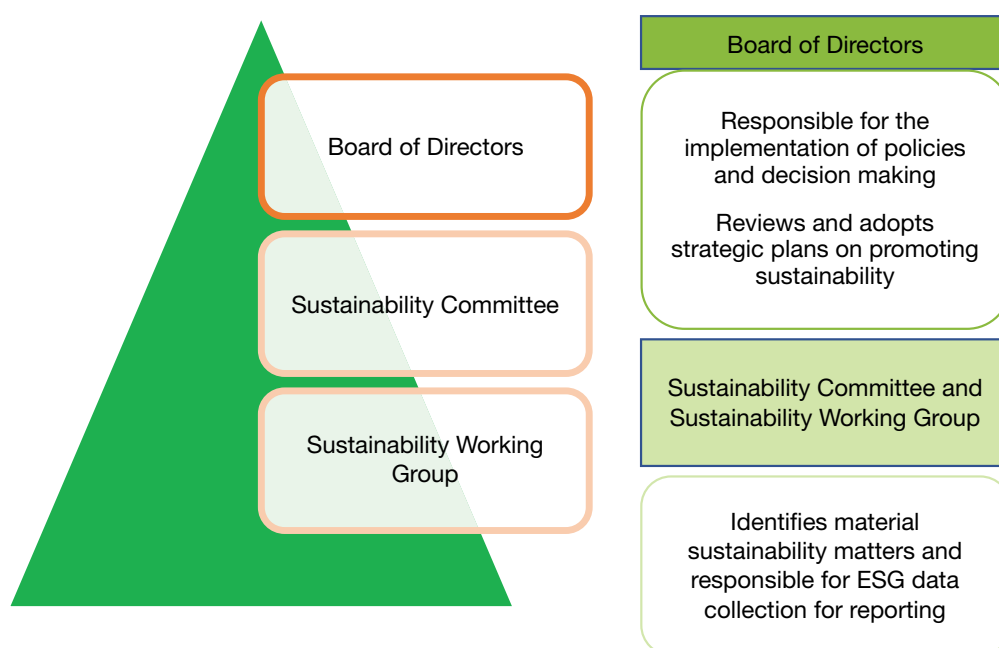
Target 16-5: We have in place an Anti-Bribery and Corruption Policy as well as a Whistle Blowing Policy to address potential misconduct in the workplace facilitating a conducive work environment

Target 16-b: We implemented a Gender Diversity Policy to promote and enhance non-discrimination at the workplace, creating an inclusive environment, accepting of every individual's differences, enabling all employees to achieve their full potential

## Sustainability Statement (cont'd)

### SUSTAINABILITY GOVERNANCE STRUCTURE

The foundation for successful management and delivery of our sustainability initiatives is a robust governance structure. For this reporting year, we formed a dedicated Sustainability Governance Structure to ensure our ESG priorities are identified, evaluated and managed efficiently. Kronologi formed a three (3) tier governance structure, led by the Board of Directors, supported by the Sustainability Committee and the Sustainability Working Group.






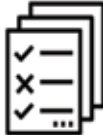

### STAKEHOLDER ENGAGEMENT

Active engagement with our stakeholders allows us to better understand their perspectives on our environmental, social and governance activities, and how our initiatives have an impact on them. Consequently, open communication enables the Group to identify ESG risks and opportunities from a different perspective.

Kronologi conducts active engagements with our key stakeholders each year, considering each stakeholder group's specific interests, and taking this into account when making business decisions. The table below outlines our identified stakeholder groups, their key areas of interest, and our methods and frequency of engagement.

## Sustainability Statement (cont'd)


### STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Importance of Stakeholders	Areas of Concern	Engagement Methods
 Employees	Our capable and diverse workforce is essential at every level for delivering quality in all facets of products and services to our customers. We encourage a positive culture of professionalism and accountability to effectively deliver our business strategy.	<ul style="list-style-type: none"> <li>• Performance evaluation</li> <li>• Employee welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Yearly staff appraisal</li> <li>• Communication via email</li> <li>• Regular technical and non technical trainings</li> <li>• Whistle-blower programme</li> </ul>
 Customers	Our customers are the core of our business and we value their experience with our products and services. We are fully committed to delivering the best quality of products and value-added services to meet their expectations and requirements.	<ul style="list-style-type: none"> <li>• Customer complaints</li> <li>• Service Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback sessions conducted after completion of services</li> </ul>
 Contractors, Vendors and Suppliers	Contractors, vendors and suppliers provide us with essential products and services to run our business smoothly. We collaborate with them to deliver the best value and seamless experience to our customers.	<ul style="list-style-type: none"> <li>• Procurement transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Open tender during proposal submission</li> </ul>
 Regulators	We work closely with regulators to enhance our products, services and operations as well as protect our resources. We strive to continuously comply with requirements and keep abreast of new developments.	<ul style="list-style-type: none"> <li>• Regulatory observance</li> </ul>	<ul style="list-style-type: none"> <li>• Audits by local authority and site inspections when required</li> </ul>
 Shareholders and Investors	We engage with our shareholders and investors to keep them abreast of our business plans and activities, including investment in new innovations that differentiate us from our competitors.	<ul style="list-style-type: none"> <li>• Group financial evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Regular Corporate briefings and meetings</li> <li>• Annual report</li> </ul>



## Sustainability Statement (cont'd)

### STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Importance of Stakeholders	Areas of Concern	Engagement Methods
 Communities	<p>We operate in a diverse, multi-faceted and rapidly developing country. We recognise and embrace the need for strong community participation and engagement as an invaluable platform to support the ideal business model; symbiotically fostering a positive workplace culture and building strong relationships with our local community.</p>	<ul style="list-style-type: none"> <li>Social concerns</li> </ul>	<ul style="list-style-type: none"> <li>Annual corporate social responsibilities programmes</li> </ul>

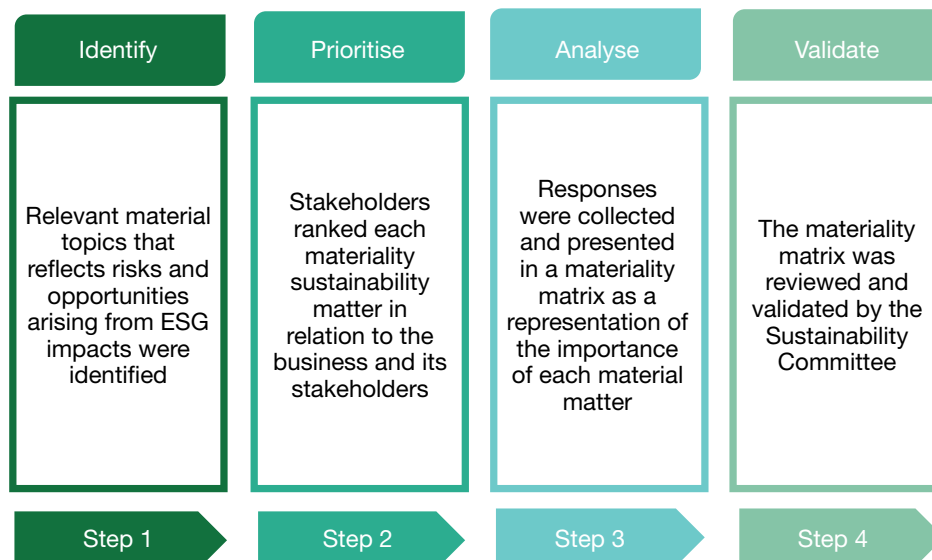
### MATERIAL SUSTAINABILITY MATTERS

Material sustainability matters encompass the areas of ESG risk and opportunity arising from an organisation's operations and activities. Topics are considered material if they;

- Reflect an organisation's significant ESG impacts
- Substantively influence the assessment and decisions of stakeholders

#### Materiality Assessment

A material assessment is a structured procedure for identifying, assessing and prioritising relevant material sustainability matters according to their importance to business operations and stakeholders. This year, Kronologi conducted an assessment process involving a four (4)-step approach as shown below:-



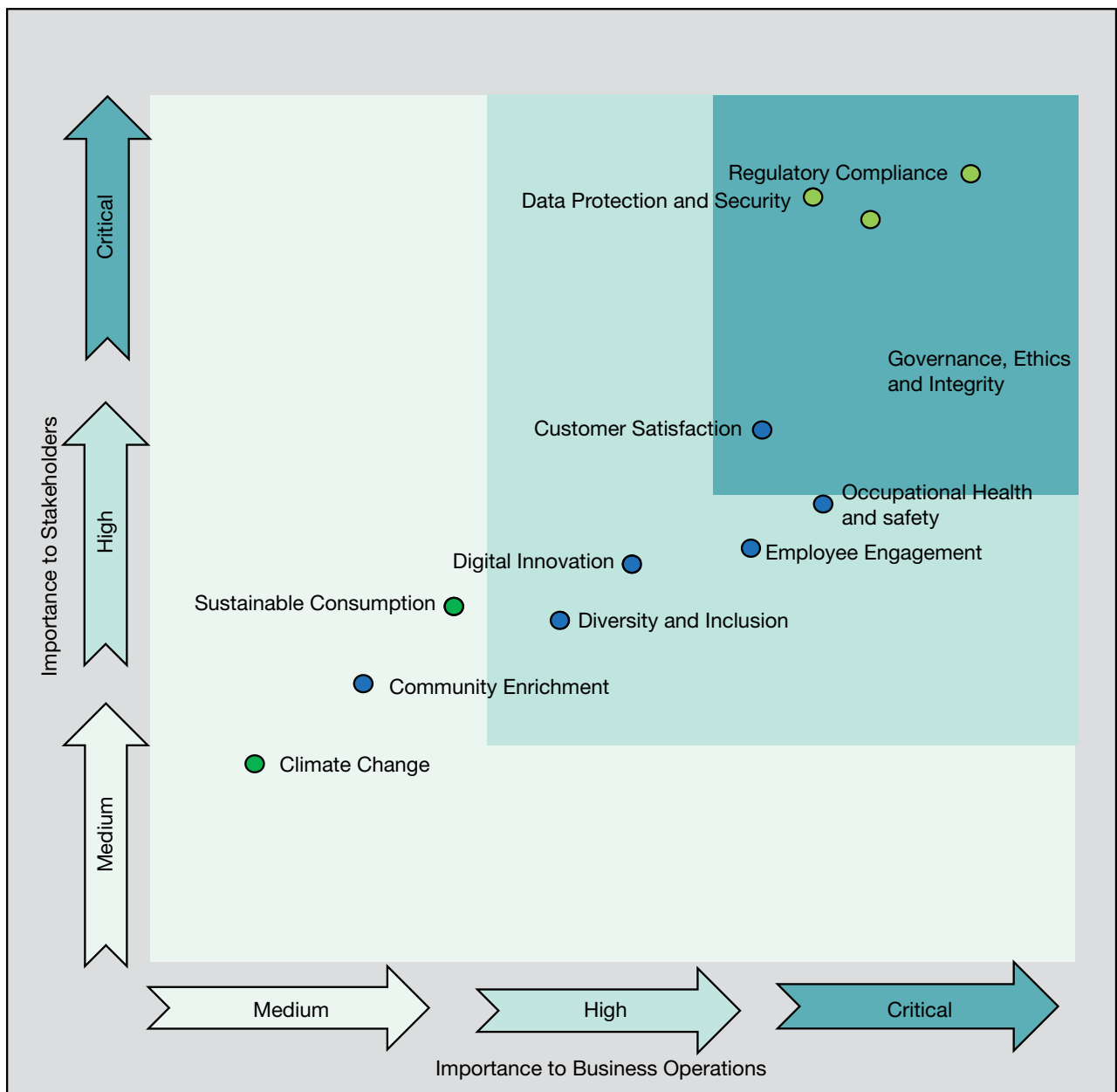
# Sustainability Statement

## (cont'd)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

In FY2023, we identified eleven (11) material topics that encompass our ESG performance and ambitions most relevant to our activities.

**Kronologi Materiality Matrix FY2023**



Legend

Environmental Stewardship

Social Enhancement

Corporate Governance

## Sustainability Statement (cont'd)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Materiality Matrix FY2023 (cont'd)

##### Critical Importance

1. Regulatory Compliance
2. Governance, Ethics and Integrity
3. Data Protection and Security
4. Customer Satisfaction

##### Medium Importance

9. Sustainable Consumption
10. Community Enrichment
11. Climate Change

##### High Importance

5. Occupational Health and Safety
6. Employee Engagement
7. Digital Innovation
8. Diversity and Inclusion

**Regulatory Compliance, Governance, Ethics and Integrity, Data Protection and Security and Customer Satisfaction** were the four (4) material matters that were identified as critically important and ranked the highest in the matrix.


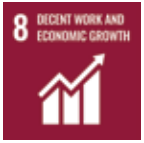


- **Regulatory Compliance** reflects the Group's integrity, reliability and ethics. Maintaining stringent compliance is essential to avoid the risks of financial penalty or loss of stakeholder trust associated with incidents of non-compliance.
- **Governance, Ethics and Integrity** fosters a positive business culture which impacts our business performance.
- **Data Protection and Security** is crucial to uphold the Group's reputation and ensure the confidentiality and integrity of customer and staff data.
- **Customer Satisfaction** is a reflection of our ability to anticipate and meet our customers' needs.

## Sustainability Statement (cont'd)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Mapping Our Material Sustainability Matters

The table below illustrates the interlinkages of our material topics with respect to our sustainability pillars, relevant GRI indicators, key stakeholders and the SDGs.

Pillars	Material Topics	GRI	Key Stakeholder Groups	UN SDGs
Governance	Regulatory Compliance	2-23 - Policy Commitments 2-26 - Mechanism for seeking advice and raising concerns	<ul style="list-style-type: none"> <li>Regulators,</li> <li>Shareholders and Investors,</li> <li>Contractors, Vendors and Suppliers</li> </ul>	
	Governance, Ethics and Integrity	2-27 - Compliance 3-3 - Management of material topics		
	Data Protection and Security	205 - Anti-Corruption 418 - Customer Privacy		
Social	Customer Satisfaction	2-9 - Governance structure and composition	<ul style="list-style-type: none"> <li>Customers,</li> <li>Employees,</li> <li>Communities</li> </ul>	 
	Occupational Health and Safety	3-3 - Management of material topics 401 - Employment		
	Employee Engagement	404 - Training and Education		
	Data Innovation	405 - Diversity and Equal Opportunity		
	Diversity and Inclusion	413 - Local Communities		
	Community Enrichment			
Environment	Sustainable Consumption	3-3 - Management of material topics 302 - Energy	<ul style="list-style-type: none"> <li>Employees,</li> <li>Communities</li> </ul>	
	Climate Change			

## Sustainability Statement (cont'd)

### GOVERNANCE



The governance pillar highlights our commitment to maintaining high standards of corporate governance throughout our operations; prioritising accountability and transparency to continuously improve our business practices, safeguard our reputation and deliver value to our stakeholders.

#### Governance, Ethics and Integrity

At Kronologi, our commitment to upholding business ethics and integrity is reflected by the professional conduct of all employees across our organisation. The Board sets the tone of good governance from the top, by leading and taking accountability of the overall performance of the Group. The Board is also responsible for maintaining our core values of integrity and enterprise while adhering to fiduciary responsibilities.

The Board Charter was established to ensure all Board members operating on behalf of the Group are aware of their obligations and responsibilities. The Charter sets out the Board's composition and balance, roles and responsibilities, operation and processes. The Audit Committee, Nomination Committee and Remuneration Committee assist the Board in performing their duties and responsibilities. These Committees operate under clearly defined terms of reference accredited by the Board.

The Audit Committee could seek professional advice particularly in relation to compliance and corporate governance whenever necessary. The Nomination Committee is in place to recommend and evaluate suitable candidates to be appointed as Director(s), while the Remuneration Committee are responsible for supporting the Board in evaluating the remuneration packages of the Board members.

Our Directors and employees are guided by the Code of Ethics and Conduct to ensure the highest level of ethical and professional behaviour in their day-to-day operations. Appropriate action will be taken for any violations of our Code of Ethics.

## Sustainability Statement (cont'd)

### GOVERNANCE (CONT'D)

#### Governance, Ethics and Integrity (Cont'd)

##### Kronologi's Code of Conduct and Ethics



Compliance at all times with the Code of Ethics and Conduct and the Board Charter.

Observe high standards of corporate governance at all times.

Observe high standards of business, professional and ethical conduct, and to refrain from offering, giving to or receiving any gifts and any other form of benefits (in kind, cash, advantages and/or favours etc) from persons or entities who deal with the Company where such gift or benefit would reasonably be expected to influence the performance of their duties in any aspect.

Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership, including fair dealing and the ethical handling of conflicts of interest.

Not misuse information gained in the course of duties for personal gain or for political purposes.

Uphold accountability and act in good faith and in the best interests of the Company and the Group.

Ensure the protection of the Company's legitimate business interests including corporate opportunities, assets and confidential information.

Ensure full, fair, accurate, timely and understandable disclosure.

Declaration of any personal, professional or business interests that may conflict with responsibilities.

The Employee Handbook and Kronologi's Standard Terms and Conditions of Employment ("STCE") are published for every country in which Kronologi operates. The Employee Handbook comprehensively provides the employee with information on the Company's policy, terms and conditions of employment as well as employee benefits whereas the STCE outlines the employee's responsibilities and obligations. Employees are bound under the STCE to retain and protect confidential and proprietary information to safeguard the Group and our customers.

The Code of Conduct and Employee Handbook are communicated to all new employees on their commencement date.

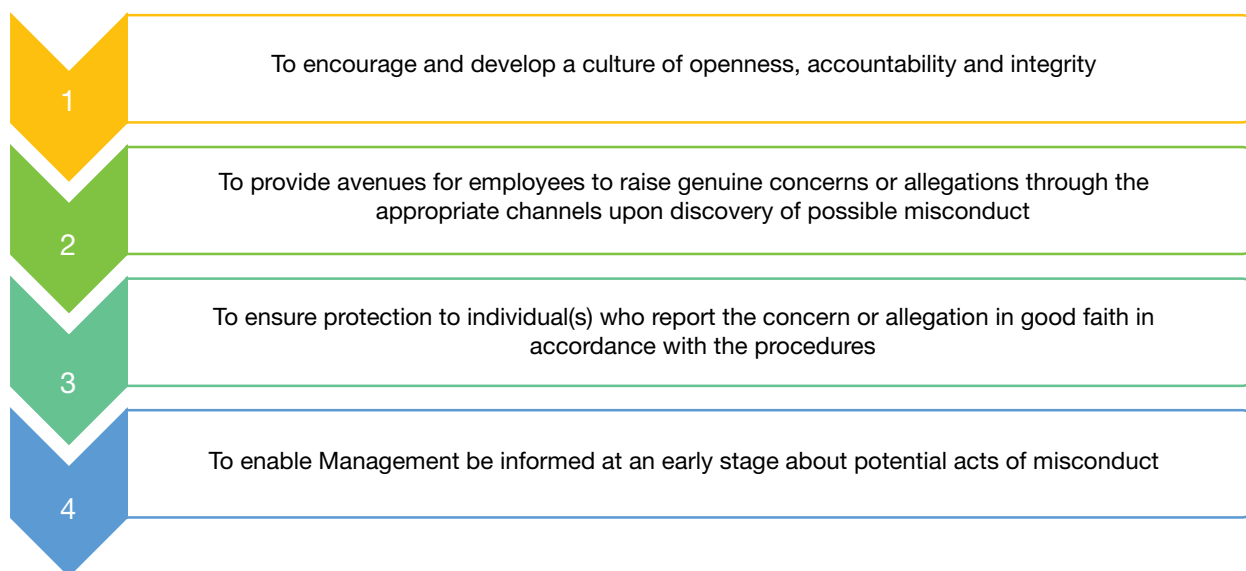
## Sustainability Statement (cont'd)

### GOVERNANCE (CONT'D)

#### Governance, Ethics and Integrity (Cont'd)

##### **Whistle Blowing Policy**

Kronologi's Whistle Blowing Policy allows employees to safely raise any concerns regarding potential misconduct occurring within the Group. Reports can be raised through Group's official whistleblowing email [whistleblower@quantum-southasia.com](mailto:whistleblower@quantum-southasia.com) or via mail to the Group Chief Executive Officer or the Chairman of the Audit Committee. The objectives of this Policy are:-



##### **Anti-Bribery and Corruption Policy**

The Group has a zero-tolerance approach to corruption and bribery. We are dedicated to conducting our business in an ethical, transparent and responsible manner, aligning with the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") and the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Group's Anti-Bribery and Corruption Policy has been established to identify, respond to and prevent incidents of bribery and corruption within the Group.

##### **Gifts and Entertainment Policy**

The Group's Gifts and Entertainment Policy was established to guide the Group's Directors, officers, employees, suppliers, contractors, subcontractors, consultants and agents in understanding the Group's expectation, in line with our Anti-Bribery and Corruption Policy.

## Sustainability Statement (cont'd)

### GOVERNANCE (CONT'D)

#### Governance, Ethics and Integrity (Cont'd)

##### **Corporate Disclosure Policy**

The Corporate Disclosure Policy was established to ensure Kronologi's business operations and financial performance are effectively communicated to our stakeholders and the general public. An Authorised Spokesperson is designated to engage with Bursa Securities, investment analysts, investors or the media from time to time to communicate our corporate activities.

Any amendments to the Group's policy commitments are notified to employees and relevant stakeholders via email. We are pleased to state that zero cases of workplace misconduct or corruption were reported this financial year.

##### **Regulatory Compliance**

The Group acknowledges the importance of stringent regulatory compliance for business continuity, and we ensure compliance with applicable laws, rules and regulations in each country where we operate. Some of the laws and regulations the Group adheres to include:-

- i. Malaysian Anti-Corruption Commission Act 2009.
- ii. Employment Act 1995.
- iii. Companies Act 2016.
- iv. Personal Data Protection Act 2010.

A yearly risk audit is conducted by external auditors to review the Group's financial management and accounting.

We are pleased to report that there were no recorded cases of non-compliance for this financial year.

##### **Data Protection and Security**

Effective cybersecurity is crucial in the technology sector to protect systems and networks from cyber-attacks. We have physical, technological, and managerial procedures in place to safeguard the information we collect to prevent unauthorised access or disclosure, maintain data accuracy and ensure appropriate use of the information. Kronologi has established a Privacy Policy to protect the personal information of our employees, website visitors, customers, suppliers and other business partners. Any changes to the Policy are communicated through our homepage and via email.

We use analysis technology, such as Google Analytics, to understand our website visitors' areas of interest and provide them with better service.

For our clients, the Group has introduced a variety of technical, administrative, media protection, access controls and other security measures that allow clients to build and operate storage infrastructure specific to their unique requirements. The systems include relevant protections needed to comply with applicable local guidelines and regulations.

Potential cases of security or data breach are channelled to the Board of Directors and actions taken accordingly. For this financial year, zero substantiated complaints of security breaches were recorded.





## Sustainability Statement (cont'd)

### ENVIRONMENT



The Environment pillar highlights our efforts to improve upon our sustainability efforts, by considering our environmental impacts and improving efficiency wherever possible throughout our operations.

#### Climate Change

Though the nature of our business is not inherently environmentally sensitive, the Group acknowledges its duty in reducing the risk and impacts of climate change by minimising our carbon footprint wherever possible. For example, our employees car-pool instead of using individual cars when commuting to client meetings to reduce carbon footprints.

Grid electricity is generated primarily through the combustion of carbon-based fuels, making electricity consumption another factor contributing to climate change. The Group has identified an opportunity to reduce energy consumption by optimising our appliances. Quantum DXi appliances deliver the most energy-efficient design in the market, with best-in-class storage densities that allow the customer to protect data with less physical disc space; reducing the overall rack size which further reduces power and cooling requirements. These zero-power storage solutions provided by Quantum tape archiving technologies and require less energy and cooling than traditional spinning disc storage.

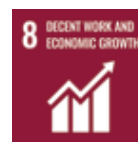
In our office, we ensure unused lights and air conditioning units are switched off to maximise the energy efficiency of the building.

#### Sustainable Consumption

As we move towards increasing digitalisation throughout our operations, we continue to prioritise sustainable consumption of resources and natural materials. We are pleased to report that most of our products are over 90% recyclable at the end of their shelf life, and our packaging material utilises recycled content, contributing to less waste directed to landfills for disposal. To reduce paper usage in the office, we encourage our employees to email instead of printing hardcopy documents. When printing is strictly necessary, employees are encouraged to print on both sides of the paper, and re-use printed paper for writing notes.

## Sustainability Statement (cont'd)

### SOCIAL



The Social pillar reflects our commitment to nurturing our human capital by ensuring a safe, inclusive and conducive working environment. Our efforts are also directed outwards, towards our customers and local communities.

#### Customer Satisfaction

Customer satisfaction is a vital aspect to continued business success in today's competitive market environment. Regularly assessing and tracking our customer's experiences allows us to make informed decisions on ways to improve overall customer service quality and distinguish us from the competition.

At Kronologi, our customers are regularly engaged via satisfaction surveys. An online feedback link is provided to customers to simplify the process of providing feedback or lodging complaints, if any, after completion of our service. Complaints can also be lodged via a service report, which is forwarded to the person-in-charge for further action. Overall, we have obtained overwhelmingly positive customer feedback. Compared to last year's satisfaction score of 94%, we have improved and achieved an average customer satisfaction score of 98% for our services.

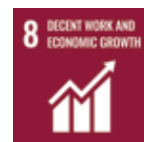
#### Occupational Health and Safety

The Covid-19 pandemic has caused a surge in technology-based sectors as businesses switched rapidly towards digital channels to support requirements for remote work. We recorded a significant increase in demand for our products and services during this period.

We were committed to meeting the needs of our new customers while still ensuring protection of the health and well-being of our staff. We conducted meetings on virtual platforms to maintain physical distance between employees.

## Sustainability Statement (cont'd)

### SOCIAL (CONT'D)



#### Employee Engagement

Effective employee engagement has a multitude of benefits, from improved employee productivity, enhanced talent retention and employee satisfaction. Our employees are our most valuable asset and we are committed in ensuring they are highly skilled and competent in their job. To facilitate this, we arrange for training and development programmes throughout the financial year to enhance employees' skillsets and to better cater to our customers.

Our Group's employees have attended a total of 94 training sessions, with an estimated total of 3,035 training hours in this financial year; an average of 63.22 hours of per employee. Listed below are some highlights of the various training programmes conducted during the financial year.

Training Topics
Scalar i6H Branded Initial Release Rollout Training (2-4488)
Scalar i6000 Service Training Part 2: Class Completion
Scalar i3 and Scalar i6 (277 FW) Ransom Block Release Update Training (2-4485)
Elevate 2022
Quantum CatDV Master Class
Technical Sales Enablement

#### Average Training Hours by Gender

Male, 65

Female, 27



#### Average Training Hours by Employment Category

Executive, 15

Non-executive, 5

Most of the employee receive annual performance reviews to evaluate their career development and discuss potential areas for improvement. Benefits such as medical, dental, hospitalisation and surgical, transportation and mobile allowances are provided to ensure our employees' welfare is taken care of.

## Sustainability Statement (cont'd)

### SOCIAL (CONT'D)

#### Employee Engagement (Cont'd)

During this financial year, the Group has organised gatherings to enhance relationships between co-workers, and promote teamwork and collaboration.



#### Community Enrichment

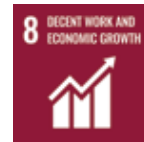
Kronologi recognises the importance of giving back to our local communities, especially those vulnerable groups. Quantum Storage India Pvt. Ltd. contributed “RM45,211” (INR950,124) to the Sathaka Foundation in March 2022. Sathaka Foundation was established in India to support the needy children by supporting their education and skills to make them self-reliant. The contributed fund will support the children through Education Scholarship and Skill Development Training.



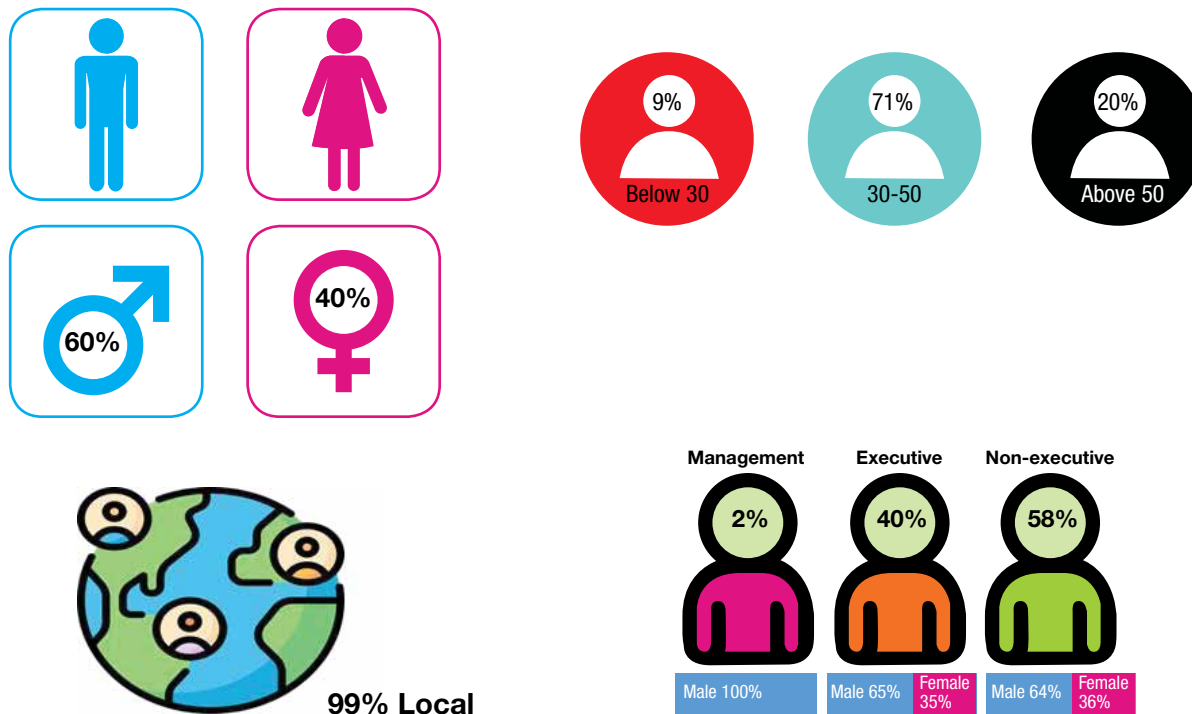
## Sustainability Statement (cont'd)

### SOCIAL (CONT'D)

#### Diversity and Inclusion



Workplace diversity creates an inclusive environment that embraces different perspectives and experiences, encouraging our employees to realise their full capabilities which in turn allows the Group to accomplish its fullest potential. Our Group's total workforce breakdown for FY2023 is displayed below:-



We have in place a Gender Diversity Policy to promote improved gender diversity at Board and senior management level. Throughout this reporting year, we are pleased to report no incidents of discrimination recorded.

#### Digital Innovation

As a technology-based Group, we are constantly searching for new technologies or innovations to enable us to provide the best possible solutions for our clients. Where deemed appropriate, we invest in employee training to acquire the necessary skills to contribute to the Group's digital innovation. Currently, we are working towards enhancing our cloud and hybrid cloud services including Backup-As-A-Service and Storage-As-A-Service, while collaborating with partners such as Seagate for other innovative cloud services.

### CONCLUSION

Despite the challenges of economic and global uncertainty, we are proud of our team's efforts in making meaningful progress towards our sustainability journey by portraying resilience and willingness to adapt. Moving forward, we will continue to strive in improving our sustainability initiatives and contributions year-on-year while safeguarding the safety and well-being of our employees, stakeholders and the community.

## BOARD OF DIRECTORS



### GEOFFREY NG CHING FUNG

Independent Non-Executive Chairman



**Mr. Geoffrey Ng Ching Fung ("Mr. Ng")** was appointed to the Board on 1 January 2019 as Independent Non-Executive Chairman having previously served as Independent Non-Executive Director from 19 October 2015 to 31 January 2018. Currently he is a member of the Audit, Nomination, Remuneration and Share Grant Plan Committees.

Mr. Ng has over two decades of corporate leadership and investment management experience. He is currently a Director with Fortress Capital Asset Management (M) Sdn. Bhd., a Pan-Asian investment management company. He previously held the positions of Chief Executive Office/Executive Director with Hong Leong Asset Management Bhd., Senior Vice President, Global Emerging Markets with Dubai Investment Group and Chief Investment Officer with Pacific Mutual Fund Bhd.

Mr. Ng is currently a Board Member of the Board of Governors, CFA Institute, where he chairs the Audit and Finance Committee. He holds a Bachelor of Commerce (High Honours) with double majors in Accounting and Finance from Sprott School of Business, Carleton University, Canada, as well as the Chartered Financial Analyst and Certified Financial Planner designations. He holds a certificate in Fintech: Future Commerce by the Massachusetts Institute of Technology. Mr. Ng is a Fellow of the Institute of Corporate Directors Malaysia and a member of the National Association of Corporate Directors.

Mr. Ng does not hold any directorship in other public companies and listed corporation.

He attended three (3) out of four (4) Board Meetings held during the financial year ended 31 January 2023.



## Board of Directors (cont'd)



### EDMOND TAY NAM HIONG

Executive Director cum Chief Executive Officer



**Mr. Edmond Tay Nam Hiong (“Mr. Tay”)** appointed to the Board on 1 April 2019. He founded Quantum Storage (India) Pte. Ltd. (“QSI”) in 2012 after spanning about 8 years in building a successful Quantum South Asia business. He is responsible for running all facets of QSI business and in 2016 became part of the management team pursuant to the merger of QSI and the Company.

With a proven executive management track record over 26 years for driving growth and sales in the technology industry. Mr. Tay began his career in Hudson Holdings Group in 1994, rose to the rank of Executive Director in year 1997. Guided by passion and entrepreneurship for business, Mr. Tay did a management buyout of his first business at the age of 27 in the form of an Information Communication Technology infrastructure integrator.

He formerly sat on the Information Technology Standardisation Board with Info-communication Development Authority of Singapore on e-payment and security chapter as well as Singapore Infocomm Technology Federation.

Mr. Tay does not hold any directorship in other public companies and listed corporation.

Mr. Tay has attended training course conducted by Singapore Institute of Directors and as well as Business Continuity and Disaster Recovery courses conducted by the Business Continuity Institute. He pursued an uncompleted BSc Management (Econ) with University of London and hold a level 2 accounting qualification from Institute of Singapore Chartered Accountant.

He attended all four (4) Board Meetings held during the financial year ended 31 January 2023.

## Board of Directors (cont'd)



### TAN JECK MIN

Executive Director cum Chief Operating Officer



**Mr. Tan Jeck Min ("Mr. Tan")** was appointed to the Board on 19 October 2015. Mr. Tan has overall responsibility for the strategic planning, implementation, managing and running of all the operations and finance activities of the Group.

Mr. Tan brings with him a wealth of Information Technology ("IT") experiences having worked in the Singapore offices of a Hong Kong listed IT firm and US-based IT Network infrastructure company. He has been instrumental in the growth and development of Quantum Storage (South Asia) Pte. Ltd. in the early years since its inception in 2003 until September 2013, especially in the areas of the overall business operations and finances.

Mr. Tan does not hold any directorship in other public companies and listed corporation.

Mr. Tan holds a Computer Engineering degree from the Nanyang Technological University and is a veteran in the IT industry with over 27 years of IT and operational related experience.

He attended all four (4) Board Meetings held during the financial year ended 31 January 2023.



## Board of Directors (cont'd)



### JOHN CHIN SHOO TED

Senior Independent Non-Executive Director



**Mr. John Chin Shoo Ted (“Mr. Chin”)** was appointed to the Board on the 5 June 2014 as Independent Non-Executive Director and subsequent redesignated as Senior Independent Non-Executive Director on 19 October 2015. He is the Chairman of the Nomination and Remuneration Committees and a member of the Audit Committee.

Upon graduation, Mr. Chin started a private legal practice and after ten (10) years, in 1998, he left private legal practice to be involved in various social welfare activities throughout Malaysia and Asia. He was also the first National Director of Habitat for Humanity, an International Non-Government Organisation focused on building affordable houses with the poor.

In 2010, Mr. Chin founded TransforNation Centre Berhad, which is a community-based organisation undertaking leadership training projects in the areas of Governance, Marketplace, Arts, Education, Sports and Social communal work in Kuching. He is presently also the Chairman of the Board of Eden on the Park Sdn. Bhd., a private limited company undertaking a pioneer project on an integrated retirement resort care in Kuching.

Mr. Chin does not hold any directorship in other public companies and listed corporation.

He graduated from Victoria University of Wellington, New Zealand with a Bachelor of Arts in Philosophy and Political Science in 1973 and Bachelor of Laws in 1976. He is also a certified personal inter-personal and corporate Trainer under the Ministry of Human Resources, Malaysia.

He attended all four (4) Board Meetings held during the financial year ended 31 January 2023.

## Board of Directors (cont'd)



### KOK CHEANG-HUNG

Independent Non-Executive Director



**Mr. Kok Cheang-hung ("Mr. Kok")** was appointed to the Board on 2 November 2017 as Independent Non-Executive Director. He is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

With 28 years of global capital markets, investment, corporate governance and senior management experiences, he has served the interest of several investment, financial services institutions and stock exchanges. Mr. Kok has lived and worked in ASEAN, the Middle East and Africa.

He is currently the Chief Operating Officer of Magpie Securities, a financial intermediary regulated by the Monetary Authority of Singapore ("MAS") and, Securities and Futures Commission ("SFC") of Hong Kong. He is also on the Finance Committee of the Singapore Institute of Directors ("SID").

Mr. Kok graduated with a Bachelor of Science with Honours in Mathematics from the University of Malaya, Malaysia, and a Master of Finance from RMIT University in Australia. In addition, he has also completed the University of Oxford's Executive Leadership Programme.

Mr. Kok does not hold any directorship in other public companies and listed corporation.

He attended all four (4) Board Meetings held during the financial year ended 31 January 2023.

## Board of Directors (cont'd)

### LAI CHING THING

Executive Director



**Ms. Lai Ching Thing (“Ms. Lai”)**, was appointed to the Board on 2 May 2023. She manages and oversees the finance and accounting functions of the Group. She is a member of the Institute of Singapore Chartered Accountants and affiliate of The Association of Chartered Certified Accountants.

Ms. Lai began her career as an Audit Semi Senior at Adrian Yeo & Co. Prior to joining the Group, she was an Audit Senior at Baker Tilly TFW in Singapore.

She joined the Group in year 2010 as an Accountant and was later promoted as Finance Manager in year 2012 and subsequently promoted to her current position as Finance Director in May 2023.

Ms. Lai brings with her over nineteen (19) years of experience in finance and accounting.

Ms. Lai does not hold any directorship in other public companies and listed corporation.

She did not attend any Board Meetings held during the financial year ended 31 January 2023 as she was appointed on 2 May 2023.

#### Notes :

- (1) None of the Directors have family relationship with any other Directors and/or major shareholders of the Company.
- (2) None of the Directors have a personal interest in any business arrangement involving the Group.
- (3) None of the Directors have been convicted of any offences other than traffic offences, if any, within the past 5 years and there were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2023.

## PROFILES OF KEY MANAGEMENT

### EDMOND TAY NAM HIONG

Executive Director cum Chief Executive Officer

The details of **Mr. Edmond Tay Nam Hiong** are disclosed in the Board of Directors section of this Annual Report.

### TAN JECK MIN

Executive Director cum Chief Operating Officer

The details of **Mr. Tan Jeck Min** are disclosed in the Board of Directors section of this Annual Report

### LAI CHING THING

Executive Director

The details of **Ms. Lai Ching Thing** are disclosed in the Board of Directors section of this Annual Report.

### TEO CHONG MENG PHILIP DOMINIC

Chief Technology Officer

**Mr. Teo Chong Meng Philip Dominic ("Mr. Teo")**, a Singaporean, Male, aged 55, is our Chief Technology Officer. Mr. Teo leads and manages the Company and its subsidiaries ("the Group") overall technology direction as well as oversees the technical operations of the Group.

Mr. Teo graduated with a Bachelor of Science in Computer Science from University of San Francisco, California, United States in 1987 and holds a Graduate Diploma in Business Administration from Singapore Institute of Management.

With over 20 years of experience in data storage solutions, software development and network architecture, he has worked with customers across the globe. During his tenure in the Group, he has been instrumental in developing the Group's presence in Asia and had established sales and technical support offices across several countries in Asia including Malaysia, Singapore, Indonesia, Thailand, Philippines, India, Hong Kong, Taiwan and China.

Mr. Teo does not hold any directorship in other public companies and listed corporation.

#### Notes :

- (1) None of the key senior management has family relationship with any other Directors and/or major shareholders of the Company.
- (2) None of the key senior management has a personal interest in any business arrangement involving the Group.
- (3) Other than traffic offences, if any, the key senior management has not been convicted of any offence within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Kronologi Asia Berhad (“Kronologi” or “the Company”) presents this Corporate Governance Overview Statement (“CG Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 31 January 2023 (“FY2023”). This CG Statement is prepared in compliance with ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This CG Statement provides a summary of the corporate governance practices of the Company during FY2023 with reference to the following three (3) key principles of good corporate practices as set out in the Malaysian Code of Corporate Governance (“MCCG”) which was further updated by Securities Commission Malaysia on 28 April 2021:-

- (a) Principle A - Board leadership and effectiveness;
- (b) Principle B - Effective audit and risk management; and
- (c) Principle C - Integrity in corporate reporting and meaningful relationships with stakeholders.

This CG Statement augmented with a Corporate Governance Report (“CG Report”), serves in compliance with Rule 15.25(1) of the AMLR of Bursa Securities to provide a detailed articulation of the application of the Group’s corporate governance practices vis-à-vis the MCCG throughout the FY2023. The CG Report for the FY2023 is available on the Company’s website at [www.kronologi.asia](http://www.kronologi.asia), as well as on Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

#### 1.1 Board and Board Committees

The Board collectively leads and is responsible for the performance and affairs of the Company and its subsidiaries (“the Group”), including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility of leading and directing the Group towards realising long term corporate objectives and shareholders’ value. The Board retains full and effective control of the Group’s strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group’s system of internal control.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:-

- Reviewing and adopting a strategic plan for the Group, including addressing the Group’s business strategies for promoting sustainability. The Board members had private meetings with the management in formulating the overall strategic direction, and business plans of the Group, including major capital commitments;
- Overseeing the conduct of the Group’s business and evaluating whether or not its businesses are being properly managed. The Board reviewed the business operations matters reported by the Executive Directors to keep abreast of all relevant business information for efficient monitoring and evaluation of business;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board are of sufficient caliber, including having in place a process to provide for the orderly succession of the members of the Board through the Nomination Committee (“NC”);

## Corporate Governance Overview Statement (cont'd)

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1.1 Board and Board Committees (Cont'd)

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:- (Cont'd)

- Overseeing the development and implementation of an investor relations programme and stakeholder communications policy; and
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To fulfill its fiduciary obligations competently, the Board has delegated specific duties to the following Board Committees to aid in the discharge of its responsibilities:-

- (a) Audit Committee ("AC");
- (b) NC;
- (c) Remuneration Committee ("RC"); and
- (d) Share Grant Plan Committee ("SGP").

Each Committee operates in accordance with respective terms of reference ("TOR") approved by the Board and is available on the Company's website at [www.kronologi.asia](http://www.kronologi.asia). The Board appoints the members and Chairman of each Committee. These Committees are authorised to deal with the matters delegated to them and report to the Board on their proceedings and deliberation together with their recommendations to the Board for approval.

##### 1.2 The Chairman

The Board is led by an Independent Non-Executive Chairman who is supported by the Executive Director cum Chief Executive Officer ("ED cum CEO") and other Board members with experience in a wide range of expertise and they collectively play an important role in the stewardship of the direction and operations of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.

The Chairman's role within the Board Committees does not entail assuming the position of the committee's chairman but rather participating as a member. However, despite not holding the position of the committee chair, the Chairman's vast corporate experience and active involvement in committee proceedings ensure that the objectivity of the Board's receipt and review of committee reports remains uncompromised.

##### 1.3 The Chairman and ED cum CEO

The positions of the Independent Non-Executive Chairman and ED cum CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Board has delegated its responsibilities for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions to the Executive Directors and senior management of the Company. The ED cum CEO and the Executive Director cum Chief Operating Officer ("ED cum COO") are responsible for the implementation of the Board's policies and decisions, entrusted by the Board with the responsibility to manage the Group's day-to-day business operations and resources.

## Corporate Governance Overview Statement (cont'd)

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1.4 Qualified and Competent Company Secretary

The corporate secretarial function of the Company is outsourced to Cospec Management Services Sdn. Bhd. ("CMS").

The Board is supported by an experienced and qualified Company Secretary nominated by CMS who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as a qualified Company Secretary under the Malaysian Companies Act 2016 ("Act"). She possesses over 29 years of experience in corporate secretarial practices.

The Company Secretary holds a crucial position in ensuring compliance with the Act, AMLR of Bursa Securities, and other applicable laws and regulations. Alongside her team, the Company Secretary supports the Board and its Committees in effectively fulfilling their responsibilities and adhering to their respective terms of reference, as well as established policies and procedures. To effectively carry out these duties, the Company Secretary continuously participates in relevant training programs, conferences, seminars, and forums to remain up-to-date with the latest developments in corporate governance and regulatory requirements that pertain to her profession. This enables her to provide the necessary guidance to the Board.

The Board has direct access to the professional advice and services of the Company Secretary and her team when performing their duties and discharging their responsibilities.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her duties and functions.

##### 1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

## Corporate Governance Overview Statement (cont'd)

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1.6 Board Charter

The Board Charter adopted by the Board provides guidance to the Board in the fulfillment of its roles, duties and responsibilities which are in line with the relevant legislation, regulations and best practices of good corporate governance. The Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board as well as the relationships between the Board and the Board Committees established by the Board, and between the Independent Non-Executive Chairman and the Executive Directors.

The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter will be reviewed as and when necessary to ensure that it remains consistent with the Board's objectives current law and practices. The Board Charter is available on the Company's website at [www.kronologi.asia](http://www.kronologi.asia).

##### 1.7 Code of Ethics and Conduct

The Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, management and employees of the Group. The Code of Ethics and Conduct stresses the key values which the Directors, management and employees of the Group are to uphold compliance with all relevant legislation and regulations, high standards of corporate governance and integrity, transparency and accountability in the conduct of business of the Group.

The Board will review the Code of Ethics and Conduct from time to time to ensure that it continues to remain relevant and appropriate. The Code of Ethics and Conduct is available on the Company's website at [www.kronologi.asia](http://www.kronologi.asia).

##### 1.8 Whistle Blowing Policy

The Company had adopted a Whistle Blowing Policy which provides a defined avenue and accessible reporting channels for all employees of the Group to raise concerns or disclose any improper conduct within the Group and to take appropriate actions to resolve it effectively.

The Whistle Blowing Policy is available on the Company's website at [www.kronologi.asia](http://www.kronologi.asia).

##### 1.9 Anti-Bribery and Corruption Policy and Procedures ("ABC Policy")

In accordance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"), the Company has implemented an ABC Policy to foster a culture of integrity and transparency throughout all activities of the Group. This policy complies with the AMLR of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018. The policy outlines the responsibilities of the Company and its employees in maintaining the Group's stance against bribery and corruption and provides essential anti-bribery and corruption principles that apply to all interactions with customers, business partners, and third parties. Additionally, the policy establishes guidelines for the prevention, management, and remediation of bribery and corruption-related risks.

The ABC Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company. The ABC Policy is published on the Company's website at [www.kronologi.asia](http://www.kronologi.asia).



## Corporate Governance Overview Statement (cont'd)

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1.10 Directors' Fit and Proper Policy

In accordance with Rule 15.01A of the AMLR of Bursa Securities, the Board had on 22 June 2022 approved the implementation of the Directors' Fit and Proper Policy. This policy serves as a valuable tool for the NC and the Board in evaluating and assessing potential candidates for appointment to the Board, as well as retiring Directors who are seeking re-election at the annual general meeting. By adhering to this policy, the Board can ensure that only individuals who possess the necessary qualifications, experience, and personal attributes are selected for these key positions. This contributes to the overall success and sustainability of the Group, while also complying with the regulatory requirements set forth by Bursa Securities.

The Board has also adopted a Nomination and Appointment of New Directors Process and Procedures to provide guidelines on the process for the nomination and appointment of new Directors to be undertaken by the NC and the Board.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is published on the Company's website at [www.kronologi.asia](http://www.kronologi.asia).

##### 1.11 Sustainability Governance

The Board believes that sustainable business practices are essential to the creation of long-term value, and that running the business in a responsible manner is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board had reviewed, revised and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that is critical to the Company's performance. The Board remains committed to continuously reviewing and enhancing its sustainability practices to ensure alignment with best practices and to create long-term value for all stakeholders.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION

##### 2.1 Composition and Board Balance

The current Board composition of the Company represents a mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The Board currently has six (6) members, comprising three (3) Independent Non-Executive Directors, one (1) ED cum CEO, one (1) ED cum COO and one (1) Executive Director, as set out in the table below:-

Name	Designation
Geoffrey Ng Ching Fung	Independent Non-Executive Chairman
Edmond Tay Nam Hiong	ED cum CEO
Tan Jeck Min	ED cum COO
John Chin Shoo Ted	Senior Independent Non-Executive Director
Kok Cheang-hung	Independent Non-Executive Director
Lai Ching Thing (Appointed on 2 May 2023)	Executive Director

This composition complies with Rule 15.02 of the AMLR of Bursa Securities and Practice 5.2 of the MCCG, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Non-Executive Directors.

The presence of the Independent Non-Executive Directors ensures that views, considerations, judgment and discretion exercised by the Board in decision-making remain objective and independent whilst ensuring the interests of other parties such as minority shareholders are adequately addressed and protected and their views are being given due consideration.

##### 2.2 Tenure of Independent Directors

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step up practice. However, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

The NC has reviewed and recommended to the Board for Mr. John Chin Shoo Ted ("Mr. Chin"), who has served the Company for the tenure of more than nine (9) years to continue to serve as the Senior Independent Non-Executive Director of the Company, subject to shareholders' approval at the forthcoming Ninth Annual General Meeting ("9th AGM") through a two-tier voting process.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION (CONT'D)

##### 2.2 Tenure of Independent Directors (Cont'd)

Key justifications for the recommendation of Mr. Chin to continue to act as the Senior Independent Non-Executive Director can be found in the Notice of the 9th AGM.

The decision to recommend Mr. Chin's re-appointment is supported by several key justifications, which are outlined in detail in the Notice of the 9th AGM. These justifications highlight his strong performance, extensive experience, and valuable contributions to the Company during his tenure.

##### 2.3 Appointment of Board and Senior Management

The members of the Board are to be appointed in a formal and transparent manner as endorsed by the MCCG. The NC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NC will assess the suitability of a candidate by taking into account the candidate's mix of skill, functional knowledge, expertise, experience, professionalism and integrity that the candidate shall bring to complement the Board, and his other commitments.

All Board members shall notify the Chairman of the Board before accepting any new directorships in other companies. The notification shall include an indication of the time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorships or significant commitments outside the Company.

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors shall retire at the AGM, and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years.

Directors who are appointed by the Board during the year shall be subject to re-election at the next AGM to be held following their appointments.

##### 2.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management Team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Where and when appropriate, the Board, through the NC, will prioritise the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION (CONT'D)

##### 2.4 Board Diversity and Senior Management Team (Cont'd)

As boardroom diversity gains increasing recognition as a crucial component of effective organizational functioning, the Company has undertaken a review and revision of its Gender Diversity Policy. On 22 June 2022, the Board approved the updated policy, which sets out a comprehensive framework for improving gender diversity at the Board and Senior Management levels.

In keeping with this commitment to diversity, the Board recently appointed Ms. Lai Ching Thing as a new Director on 2 May 2023, marking an important step forward in achieving greater gender balance at the Board level. Ms. Lai's appointment is a testament to the Company's ongoing efforts to foster a more inclusive and diverse workplace, as outlined in the updated Gender Diversity Policy.

##### 2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a clearly defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established four (4) Board Committees and the membership of each committee is set out in the table below:-

Composition	AC	NC	RC	SGP
Geoffrey Ng Ching Fung (Independent Non-Executive Chairman)	Member	Member	Member	Member
John Chin Shoo Ted (Senior Independent Non-Executive Director)	Member	Chairman	Chairman	N/A
Kok Cheang-hung (Independent Non-Executive Director)	Chairman	Member	Member	N/A
Edmond Tay Nam Hiong (ED cum CEO)	N/A	N/A	N/A	N/A
Tan Jeck Min (ED cum COO)	N/A	N/A	N/A	Chairman
Lai Ching Thing (Executive Director) (Appointed on 2 May 2023)	N/A	N/A	N/A	N/A
Wong Mei Yee (Group Human Resource Manager)	N/A	N/A	N/A	Member

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION (CONT'D)

##### 2.6 NC

The NC of the Company is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis.

The NC of the Company comprises the following members:-

Name of NC	Designation
John Chin Shoo Ted, Chairman	Senior Independent Non-Executive Director
Geoffrey Ng Ching Fung, Member	Independent Non-Executive Chairman
Kok Cheang-hung, Member	Independent Non-Executive Director

The NC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

In searching for suitable candidates, the NC may leverage on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the NC also refers to the potential candidate from the industry taking into consideration their education, skills and experience background.

During the FY2023, the following is the summary of activities undertaken by the NC:-

- Review and assessed the performance of all Directors of the Company.
- Review and assessed the independence of the Independent Non-Executive Directors of the Company.
- Review and assessed the performance of AC, the Board and the Board Committees as a whole.
- Reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Company's Constitution.
- Reviewed and evaluated the independence of the Independent Non-Executive Director who has served the Board for a cumulative term of more than nine (9) years pursuant to the MCGG.
- Reviewed and considered the nomination of Ms. Lai Ching Thing for appointment as a new Executive Director of the Company.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION (CONT'D)

##### 2.7 Board Appointment and Re-appointment Process

The NC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In accordance with the AMLR of Bursa Securities and the Company's Constitution, one-third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NC considers their competencies, commitment, contribution, performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and continuation in office of any Director for shareholders' approval at the AGM.

##### 2.8 Annual Assessment of Effectiveness of the Board and Board Committees as a whole

The NC has a formal assessment criterion to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director. The Board, through the annual review by the NC on the size and composition of the Board, will determine if the Board has the right size and sufficient diversity with independent elements that befit the Company's objectives and strategic goals.

In evaluating the performance of Non-Executive Directors, certain criteria were established and adopted, amongst others, attendance at Board and/or Board Committee meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committee as a whole.

In evaluating the performance of ED cum CEO and ED cum COO, an assessment was carried out against diverse key performance indicators, amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION (CONT'D)

##### 2.9 Attendance of Board and Board Committees' Meetings

The Board meets at least once in every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the AMLR of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FY2023.

The attendance records of the Directors at Board and Board Committees' meetings for the FY2023 are set out as follows:-

Type of Meetings	Board	AC	NC	RC
Name of Directors	No. of Meetings Attended			
Geoffrey Ng Ching Fung	3 of 4	3 of 4	0 of 1	0 of 1
Edmond Tay Nam Hiong	4 of 4	N/A	N/A	N/A
Tan Jeck Min	4 of 4	N/A	N/A	N/A
John Chin Shoo Ted	4 of 4	4 of 4	1 of 1	1 of 1
Kok Cheang-hung	4 of 4	4 of 4	1 of 1	1 of 1
Lai Ching Thing (Appointed on 2 May 2023)	N/A	N/A	N/A	N/A

##### 2.10 Directors' Training

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes to keep abreast of changes in both the regulatory and business environments as well as with the new developments within the industry in which the Group operates.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – BOARD COMPOSITION (CONT'D)

##### 2.10 Directors' Training (Cont'd)

In addition to the above, the Directors have also attended the following seminars during the FY2023 to further enhance their knowledge and skills:-

Name of Directors	Training attended
Geoffrey Ng Ching Fung	<ul style="list-style-type: none"> <li>Key Amendments to AMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendment</li> <li>Amendments to AMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework</li> </ul>
Edmond Tay Nam Hiong	<ul style="list-style-type: none"> <li>Key Amendments to AMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendment</li> <li>Amendments to AMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework</li> </ul>
Tan Jeck Min	<ul style="list-style-type: none"> <li>Key Amendments to AMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendment</li> <li>Amendments to AMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework</li> </ul>
John Chin Shoo Ted	<ul style="list-style-type: none"> <li>Key Amendments to AMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendment</li> <li>Amendments to AMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework</li> </ul>
Kok Cheang-hung	<ul style="list-style-type: none"> <li>Audit Oversight Board ("AOB") Conversation with Audit Committees. Securities Commission</li> <li>Key Amendments to AMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendment</li> <li>Capital Markets and Financial Advisory Services - Module 1A Rules &amp; Regulations for Dealing in Securities (SGX-ST Members)</li> <li>Capital Markets and Financial Advisory Services - Module 2A Rules &amp; Regulations for Trading in Futures Contracts (SGX-DT Members)</li> <li>World Blockchain Summit, Singapore</li> <li>2022 NBF Leaders Forum (JP Morgan Singapore)</li> <li>Managing Cyber Risks in a Post-Pandemic World (EY + Information Systems and Audit Control Association, Singapore Chapter)</li> <li>Singapore Governance and Transparency Forum 2022 - Driving Sustainability through Governance (Singapore Institute of Directors ("SID"), CPA Australia and NUS Business School's Centre for Governance and Sustainability)</li> <li>SID &amp; Diligent Webinar Event 1. The Elements of ESG Metrics. Measuring What Matters</li> <li>SID Deep Dive Series - Directors in a 4D World (Singapore Institute of Directors &amp; Singtel FutureNow Innovation Centre)</li> <li>Amendments to AMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework</li> </ul>
Lai Ching Thing (Appointed on 2 May 2023)	<ul style="list-style-type: none"> <li>Key Amendments to AMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendment</li> <li>Amendments to AMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework</li> </ul>



## Corporate Governance Overview Statement (cont'd)

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

## PART III – REMUNERATION

### 3.1 Remuneration Policy

The Board had through the RC, endeavors to ensure that the levels of remuneration offered for Executive Directors are sufficient to attract, retain and motivate the Executive Directors of the quality required to run the Group successfully. Executive Directors' remuneration is structured so as to link rewards to their corporate and individual performance.

The RC of the Company comprises the following members:-

Name of NC	Designation
John Chin Shoo Ted, Chairman	Senior Independent Non-Executive Director
Geoffrey Ng Ching Fung, Member	Independent Non-Executive Chairman
Kok Cheang-hung, Member	Independent Non-Executive Director

The Company had established a formal and transparent Remuneration Policy which sets out the principles and guidelines for the Board and RC to determine the remuneration of Directors and/or Senior Management of the Company. The Remuneration Policy is available on the Company's website at [www.kronologi.asia](http://www.kronologi.asia).

Independent Non-Executive Directors of the Company are paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the Board and Board Committees, their attendance and/or special skills and expertise they bring to the Board. The fee is fixed in sum and not by a commission or percentage of profits or turnover.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

### 3.2 Remuneration of Directors

Details of the Directors' Remuneration (including benefits-in-kind) of each Director during the FY2023 are as follows:-

## The Company

[illegible]

## Corporate Governance Overview Statement (cont'd)

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

#### PART III – REMUNERATION (CONT'D)

##### 3.2 Remuneration of Directors (Cont'd)

###### The Group

Name of Directors	RM						
	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Others*	Total
Geoffrey Ng Ching Fung	150,000	–	–	–	–	–	150,000
Edmond Tay Nam Hiong	48,000	108,887	808,235	–	–	214,657	1,179,779
Tan Jeck Min	48,000	70,400	577,311	–	–	51,968	747,679
John Chin Shoo Ted	72,000	–	–	–	–	–	72,000
Kok Cheang-hung	72,000	–	–	–	–	–	72,000
Lai Ching Thing (Appointed on 2 May 2023)	–	–	–	–	–	–	–
<b>TOTAL</b>	<b>390,000</b>	<b>179,287</b>	<b>1,385,546</b>	<b>–</b>	<b>–</b>	<b>266,625</b>	<b>2,221,458</b>

Note:-

\* Others referred to the leave pay, commission and defined contribution plan to Directors.

##### 3.3 Remuneration of Key Senior Management

The Board is of the view that the disclosure of the Key Senior Management's remuneration components on a named basis would not be in the best interest of the Company as it may be detrimental to the Company's human resource management due to the competitive nature of talents within the construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on a named basis the remuneration or in bands of RM50,000 for the Key Senior Management.

Alternatively, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Key Senior Management of the Group for the FY2023 are as follows:-

Remuneration Band	Number of Key Senior Management
RM450,001 to RM500,000	1
RM700,001 to RM750,000	2
RM1,150,001 to RM1,200,000	1

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I – AC

##### 4.1 Effective and Independent AC

The AC Chairman is led by Mr. Kok Cheang-hung who is distinct from the Chairman of the Board.

None of the members of AC were former key audit partners and in order to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the AC.

The AC members possess the necessary skills and knowledge to discharge their duties in accordance with the TOR of the AC and they are able to understand matters under the purview of the AC including the financial reporting process.

They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. The AC members had kept themselves abreast of relevant development in accounting and auditing standards, practices and rules.

The term of office and performance of the AC and its members are reviewed by the NC annually to determine whether such AC and members have carried out their duties in accordance with the TOR.

##### 4.2 External Auditors

The Board had established an External Auditors Assessment Policy which sets out the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.

The AC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In addition, during the AC Meetings, the members were also briefed by the External Auditors on the following:-

- (a) Financial Reporting developments;
- (b) Adoption of Malaysian Financial Reporting Standards; and
- (c) Other changes in the regulatory environment.

The Board also has established the External Auditors Assessment Policy together with the Annual Performance Evaluation Form. The said policy aims to outline the guidelines and procedures for AC to review, assess and monitor the performance, suitability and independence of the External Auditors. The factors considered by the AC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

The AC is satisfied with the performance, suitability and independence of the External Auditors of the Company, PKF PLT. Having assessed their performance, the AC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – RISK MANAGEMENT AND INTERNAL CONTROL

##### 5.1 Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining a sound internal control system to safeguard shareholders' investment and the Company's assets, and for reviewing the adequacy and integrity of the system.

The AC has been entrusted by the Board to ensure the effectiveness of the Group's internal control systems.

The Board recognises that identification, evaluation and management of significant risks faced by the Company are an on-going process. The improvement of the system of internal controls is also an on-going process and the Board maintains a continuing commitment to strengthening the Company's internal control environment and processes.

Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

##### 5.2 Internal Audit Function

The internal audit function of the Group is outsourced to OAC Consulting Sdn. Bhd. ("OAC"), a third party professional internal audit service firm that is independent of the operations and activities of the Group. The engagement team from OAC is free from any relationship or conflict of interest, which could impair their objectivity and independence.

The Board had established the Internal Auditors Assessment Policy ("IA Assessment Policy") together with an annual performance evaluation form. The IA Assessment Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.

The AC had obtained assurance from OAC confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FY2023 are as disclosed in the AC Statement in this Annual Report.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

#### PART I – ENGAGEMENT WITH STAKEHOLDERS

##### 6.1 Continuous Communication with Stakeholders

The Board values the importance of dissemination of information on major developments of the Group to its shareholders, potential investors and the general public in a timely and equitable manner. The quarterly results, announcements, annual reports, corporate updates and circulars serve as the primary means of dissemination of information so that shareholders are constantly kept abreast of the Group's progress and development.

The Company's corporate website at [www.kronologi.asia](http://www.kronologi.asia) serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board has adopted a Corporate Disclosure Policy with the objective of providing effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Company and its subsidiaries, and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements. The Corporate Disclosure Policy was formalised to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

The AGM remains a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to raise questions to the Board on the resolutions being proposed and also matters relating to the performance, developments within the Group and the future direction of the Group. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate shareholders' understanding and evaluation.

#### PART II – CONDUCT OF GENERAL MEETINGS

##### 7.1 Conduct of General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

At the AGM, the shareholders are encouraged to participate in discussing the resolutions proposed or future developments of the Group's operations in general. The Board, the Management team and the Company's External Auditors, are present to answer the questions raised and provide clarification as requested by the shareholders.

All resolutions set out in the notice of the Eighth Annual General Meeting ("8th AGM") were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

All the Directors were present at the 8th AGM held on 22 June 2022 and responded to questions raised by the shareholders.

## Corporate Governance Overview Statement (cont'd)

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

#### PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

##### 7.2 Effective Communication and Proactive Engagement

All Directors attended the 8th AGM held on 22 June 2022 on a fully virtual basis and be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders' queries concerning the Company and the Group in the 8th AGM. The External Auditors were also invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meetings and ensures their queries are responded to properly and systematically.

The Board had to ensure that the required infrastructure and tools were in place to enable the smooth broadcast of the 8th AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the 8th AGM was published on the Company's website for the shareholders' information.

#### STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE MCCG

The Board has deliberated, reviewed and approved this CG Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCCG, the relevant chapters of the AMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FY2023. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

# AUDIT COMMITTEE REPORT

## OBJECTIVES

The primary objective of the Audit Committee (“AC”) of Kronologi Asia Berhad (“Kronologi” or “the Company”) is to assist the Board of Directors (“Board”) in discharging its statutory duties and responsibilities. It provides an additional assurance to the Board through performing an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the Internal and External Auditors, thereby ensuring that the External Auditors have autonomy and independence in their audit process.

## COMPOSITION OF THE AC

The AC comprises the following members, all being Independent Non-Executive Directors, which complies with Rule 15.09 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”):-

<b>Chairman:</b>	Kok Cheang-hung (Independent Non-Executive Director)
<b>Members:</b>	Geoffrey Ng Ching Fung (Independent Non-Executive Chairman) John Chin Shoo Ted (Senior Independent Non-Executive Director)

The Terms of Reference of the AC can be accessed from the corporate website of the Company at [www.kronologi.asia](http://www.kronologi.asia).

## SUMMARY OF WORKS FOR DURING THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (“FY2023”)

The AC met four (4) times during the FY2023 and the attendance of AC members at the meeting is set out as follows:-

AC Members	No. of Meetings Attended
Kok Cheang-hung	4/4
John Chin Shoo Ted	4/4
Geoffrey Ng Ching Fung	3/4

Minutes of each AC meeting were recorded and tabled for confirmation at the following meeting and subsequently presented to the Board for notation.

## Audit Committee Report (cont'd)

### SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

The AC had carried out the following activities during the FY2023 in discharging their duties and responsibilities:-

1. Reviewed the unaudited consolidated quarterly financial results and annual audited financial statements of the Company including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policy and practices, significant issues or adjustments arising from the audit, as well as compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities or submission to Companies Commission of Malaysia;
2. Considered and recommended the re-appointment of the External Auditors and their audit and non-audit fees to the Board, for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit;
3. Reviewed with the External Auditors, the Audit Review Memorandum in respect of the Company and its subsidiaries ("the Group") for the audit of the financial year ended 31 January 2022 ("FY2022");
4. Reviewed with the External Auditors the Audit Planning Memorandum covering findings on the results and issues arising from their audit of the financial statements and their resolutions of such issues highlighted in their report to the AC;
5. Reviewed with the Internal Auditors, the Internal Audit Plan for the financial year ending 31 January 2024 to ensure the adequacy of the scope, functions and resources and that it has the necessary authority to carry out its work;
6. Reviewed the internal audit reports which outlined the recommendations towards remediating areas of weakness, improving internal controls and ensuring the implementation of the management action plans to address issues found;
7. Reviewed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;
8. Reviewed the related party transactions, if any, that transpired to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
9. Self-appraised the performance of the AC for FY2022 and submit the evaluation to the Nomination Committee for assessment; and
10. Evaluated the performance of the External Auditors and Internal Auditors of the Company.

The presence of the External Auditors and/or the Internal Auditors at the AC meetings will be requested if required by the AC. Other members of the Board and officers of the Company and of the Group may attend meetings (specific to the relevant meeting and to the matters being discussed) upon the invitation of the AC.



## Audit Committee Report (cont'd)

### FINANCIAL REPORTING

The AC reviews and scrutinises the information of the Group's quarterly results and annual audited financial statements to ensure material accuracy, adequacy, validity, timeliness and compliance with applicable financial reporting standards for disclosure to shareholders. Those reports which present a balanced and fair assessment of the Group's financial position and prospects are then tabled to the Board for approval and release to Bursa Securities.

### RELATIONSHIP WITH THE AUDITORS

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party who reports directly and regularly to the AC of the Company. Similar to the External Auditors, the Internal Auditors also have direct reporting and access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Board, through the AC, has maintained appropriate, formal and transparent relationship with the Internal Auditors and External Auditors.

Meetings with the External Auditors are held to further discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters. From time to time, the External Auditors inform and update the AC on matters that may require their attention.

The AC collectively carried out the assessment of the performance of the External Auditors of the Company for the FY2023 upon such evaluation criteria as set out in its Annual Assessment Form. These include:-

- a. Calibre of the Audit Firm;
- b. Quality of the Audit Engagement Team;
- c. Quality of communication and interaction with the Audit Team;
- d. Audit Scope and Quality Processes;
- e. Audit Governance and Independence; and
- f. Audit Fee.

The AC was satisfied with the suitability, technical competency, objectivity and independence of the External Auditors of the Company. The AC accordingly made its recommendation to the Board for re-appointment of Messrs. PKF PLT as External Auditors of the Company, upon which the shareholders' approval will be sought at the upcoming Annual General Meeting of the Company.

## Audit Committee Report (cont'd)

### INTERNAL AUDIT FUNCTION

#### Appointment

The internal audit ("IA") function is outsourced to OAC Consulting Sdn. Bhd. ("Internal Auditors" or "OAC"), an independent professional services firm, to carry out internal audit services for the Group. Internal audit reports are presented, together with Management's response and proposed action plans to the AC on a half-yearly basis.

#### IA Activities

The Internal Auditors undertake their audits based on the operational, compliance and risk-based audit plan approved by the AC. The risk-based audit plan covers the review of the key operational and financial functions in accordance with the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

The purpose of the IA function is to provide the Board, through the AC, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

The IA reporting can broadly be segregated into two main areas as follows:-

#### i. IA Plan for the Group

The IA Plan for the FY2023 for the Group was presented to the AC by the Internal Auditors at the previous financial year for discussion and approval.

#### ii. Audit Committee Reports and Risk Audit Reports

The AC reports and Risk Audit reports were tabled to the AC for review by the Internal Auditors during the FY2023. During the financial period under review, the Internal Auditors reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group. This was to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

In addition, follow up reviews were also conducted to ensure that corrective actions were implemented in a timely manner. Based on the IA reviews conducted, there were no significant weaknesses noted during the audit that would result in any material losses, contingencies or uncertainties that require the AC's attention.

#### Total costs incurred for the IA function

The total fee accrued for the IA function of the Group for the FY2023 was RM22,000.

#### Evaluation of performance of the Internal Auditors

The AC had collectively evaluated the performance of the Internal Auditors for the FY2023 upon such evaluation criteria as set out in its Annual Assessment Form. Upon the assessment, the Committee was of the view that:-

- The Internal Auditors have sufficient experience and resources to satisfy their terms of reference; and
- The Internal Auditors have sufficient resources to adequately deliver the quality services to the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“Board”) of Kronologi Asia Berhad (“Kronologi” or “the Company”) is required to make a statement in the annual report on the state of risk management and internal controls in the Company and its subsidiaries (“the Group”). In this respect, the Board is pleased to present the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 January 2023 (“FY2023”) prepared in accordance with the AMLR of Bursa Securities and as guided by the Statement on Risk Management and Internal Control: *Guidelines for Directors of Listed Issuers*.

## BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound framework of risk management and internal controls which are fundamental for good corporate governance. The Board focuses on effective risk oversight which is critical to setting the tone and culture towards effective risk management and internal controls. Due to the limitations that are inherent in any system of risk management and internal controls, this system is designed to manage and minimise, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system covers, inter alia, management of risks, financial, organisational, operational and compliance controls.

## RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial period enables the Group to make careful, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime, which are imperative in ensuring the accomplishment of the Group’s corporate objectives.

Day-to-day operations in respect of the financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective head of department and they are delegated with the responsibility to identify and manage these risks within defined parameters and standards. The deliberations of risk and mitigation responses are discussed at periodic management meetings.

The management of risk is an on-going process to identify, evaluate and manage significant risks faced by the Group. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating functions within the Group. The Board periodically re-evaluates the existing risk management practices, and where appropriate and necessary, updates them accordingly.

The Board has established an Enterprise Risk Management (“ERM”) Framework for the Group.

With the implementation of the ERM Framework, the Group will have a structured process within its risk management framework for identifying, evaluating, mitigating and monitoring risks:-

- Key business and operational risks faced by the Group are defined, highlighted, monitored and managed systematically to ensure prudent risk management.
- Risk identification: risk owners (heads of each department/management) are primarily responsible for identifying risks that could adversely impact the achievement of the Group’s objectives in relation to their areas of supervision/control.
- Risk evaluation: evaluation of the identified risks by risk owners to determine the possibility of occurrence and potential impact to the Group.
- Risk mitigation: proposed action plan by risk owners to manage/mitigate the risks.
- Risk monitoring: ongoing process of monitoring risks by the Management to ensure that appropriate mitigation plans have been implemented and taking into account changes in the regulatory and business environment.

## Statement on Risk Management and Internal Control (cont'd)

### RISK MANAGEMENT FRAMEWORK (CONT'D)

Risk identification had classified the Group's risk into six (6) broad categories namely strategic, commercial, technical, operations, finance and human capital. A rating was assigned to each risk to determine the likelihood of the risk of occurring and potential impact to the business.

On top of this, key controls and procedures had been identified to mitigate each risk.

A risk manager was appointed to ensure the smooth implementation of the second stage i.e the risk mitigation and monitoring. The second stage entails the documentation of the risk action plans and its monitoring. The risk manager is expected to report the status of the ERM implementation on a half yearly basis.

The Board requested OAC Consulting Sdn. Bhd. to perform risk identification and evaluation annually, the results of which were tabled during the year at the Audit Committee meeting and used as a basis to determine the scope of the Internal Audit Plan for the FY2023.

### KEY INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various Board Committees which include the Audit Committee, Nomination Committee, Remuneration Committee and Share Grant Plan Committee;
- Well defined organisational structure with clear lines of authority, accountability and responsibility of the Senior Management and the Board;
- Sufficient reports generated in respect of the business and operating units to enable proper review of their operations and financials. Management accounts are prepared timely on a monthly basis and are reviewed by the Chief Executive Officer, Executive Director and Senior Management;
- Clearly defined and formalised internal policies and standard operating procedures are in place to support the Group in achieving its corporate objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
- Training and development programmes to enhance the professionalism and competency of staff. A performance management system is in place with established key performance indicators to measure and review staff performance on an annual basis;
- Decision of the Board to outsource its internal audit function to an independent professional consulting firm for greater independence and accountability in the internal audit function;
- Whistleblowing Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Company's policies and regulations in a secure and confidential manner; and
- The Group adopts a zero-tolerance approach to all forms of bribery and corruption. The Group is committed in conducting its business free from any acts of bribery and corruption by upholding high standards of ethics and integrity. The Group has established an anti-bribery and corruption policy which prohibits all forms of bribery and corruption practices. All employees to read and understand the policy and to take an assessment test. All business partners including consultants and contractors are required to acknowledge and agree to comply with the Group's anti-bribery and corruption policy. The said policy is also made available at the Company's website.

## Statement on Risk Management and Internal Control (cont'd)

### INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an independent professional consulting firm to carry out internal audit services for the Group. Internal audit reports are presented, together with Management's response and proposed action plans to the Audit Committee on an annual basis.

The Internal Auditors undertake internal audit functions based on the operational, compliance and risk-based audit plan approved by the Audit Committee. The risk-based audit plan covers the review of the key operational and financial functions in accordance with the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

During the FY2023, the internal audit function carried out audits in accordance with the Internal Audit Plan approved by the Audit Committee. The results of the internal audit were reviewed and the recommendations for improvement were presented to the Audit Committee at their meetings.

The Internal Auditors have reviewed and evaluated the adequacy and effectiveness of the internal control system over human resource management and invoicing of the Group.

In addition, follow up reviews were also conducted to ensure that corrective actions have been implemented in a timely manner. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report. The total cost incurred for the internal audit function for the FY2023 was RM22,000.

### REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FY2023. 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. The External Auditors have reported to the Board that nothing had come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: *Guidelines for Directors of Listed Issuers* to be set out, nor is it factually inaccurate.

### ASSURANCE TO THE BOARD

The Board had received assurance from the Executive Directors that the Group's risk management framework and internal controls are operating adequately and effectively, in all material respects for the FY2023.

### CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal controls.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors of the Company is fully accountable for ensuring that the financial statements are drawn up in accordance with the Companies Act 2016 ("Act") and the applicable approved accounting standards prescribed by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") as at 31 January 2023 and of the results and cash flows of the Group for the financial year then ended.

In the preparation of the financial statements for the financial year ended 31 January 2023, the Directors have:-

- a. applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- b. made judgments and estimates that are prudent and reasonable; and
- c. used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept in accordance with the Act. The Directors also have overall responsibility in 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.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

#### Private Placement

The Company had placed out 102,445,000 and 2,230,000 new ordinary shares and completed the private placement exercise on 5 May 2021 and 7 May 2021 respectively which raised total proceeds of RM69,326,251. The details of utilisation of proceeds raised from the said private placement exercise which have been fully utilised as follows:-

	Detail of utilisation	Proposed utilisation RM'000	Actual proceeds raised RM'000	Actual utilisation RM'000	Deviations/ Variation RM'000	Balance RM'000	Time frame for utilisation
1	Expansion of enterprise data management ("EDM") managed services (As-A-Service)	10,000	9,163	9,163	-	-	Within 24 months
2	Future business expansion	50,000	50,000	50,000	-	-	Within 24 months
3	Construction of EDM proof-of-concept and solution centre(s)	10,000	9,162	9,162	-	-	Within 24 months
4	Estimated expenses for the private placement exercise	1,001	1,001	1,001	-	-	Immediately
	<b>Total</b>	<b>71,001</b>	<b>69,326</b>	<b>69,326</b>	<b>-</b>	<b>-</b>	

### 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the financial year ended 31 January 2023 are as follows:-

	Group RM	Company RM
Audit Fee	848,464	245,000
Non-Audit Fee	10,000	10,000

### 3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and/or its subsidiaries, involving Directors' or major shareholders' interest, either still subsisting at the end of the financial year ended 31 January 2023 or entered into since the end of the previous financial year.

### 4. RECURRENT RELATED PARTY TRANSACTIONS

There was no recurrent related party transaction of revenue or trading nature during the financial year ended 31 January 2023.

## Additional Compliance Information (cont'd)

### 5. SHARE GRANT PLAN ("SGP")

The SGP of up to 30% of the issued share capital of the Company at any time during the existence of the SGP, to be granted and/or issued to the eligible Directors and employees of the Company and its subsidiaries for a period of 5 years until 31 March 2020 and subsequently extended for another 5 years until 30 March 2025 is governed by the SGP By-Laws.

The allocation to any individual selected employee (including an Executive Director or a Chief Executive Officer) who, either singly or collectively through persons connected with the selected employee, holds 20% or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed 10% of the total number of shares to be issued under the SGP.

The Company had on 14 April 2023 granted 2,000,000 ordinary shares pursuant to the SGP at RM0.585 to the eligible Executive Director and employee of the Company.

Details in the movement of the shares granted under the SGP since its inception are as follows:-

	Number of shares over ordinary shares		
	Employees	Executive Director (including Chief Executive Officer)	Total
Total shares granted	3,108,400	2,000,000	5,108,400
Total shares exercised	3,108,400	2,000,000	5,108,400
Total shares outstanding	–	–	–

The actual allocation of SGP to the Executive Director and Key Senior Management is 61.56% of the total allocation.



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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2023.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provisions of business consulting, designing of solutions and research and development relating to new and emerging information technology software, applications, multimedia development, information systems, data management software, data protection solutions and processes, system back-up and disaster recovery systems and related businesses, provision of hybrid and cloud enterprise data management technology and solutions.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

## FINANCIAL RESULTS

	Group RM	Company RM
Net profit/(loss) for the financial year	24,502,831	(19,291,677)

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The directors do not recommend any final dividend for the financial year ended 31 January 2023.

## RESERVES AND PROVISIONS

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

## DIRECTORS

The directors who held office during the financial year from the end of the financial year to the date of this report are:-

John Chin Shoo Ted  
Tan Jeck Min  
Kok Cheang-hung  
Geoffrey Ng Ching Fung  
Edmond Tay Nam Hiong  
Lai Ching Thing (appointed on 2 May 2023)

The names of the Directors of the Company's subsidiaries in office during the financial year end up to the date of this report other than those named above are as follows:-

Enrique G. Velasco  
Jennifer Joy G. Ortiz  
Romualdo G. Velasco

## Directors' Report (cont'd)

### DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, the interest and deemed interests in the shares of the Company and of its related corporations of those who were Directors at the end of the financial year are as follows:-

		Number of ordinary shares		
	At beginning of the year	Bought	Sold	At end of the year
<b>Interest in the Company</b>				
<b>Direct interest</b>				
Tan Jeck Min	55,129,768	–	–	55,129,768
Edmond Tay Nam Hiong	760,000	–	–	760,000
John Chin Shoo Ted	110,000	–	(110,000)	–
Kok Cheang-hung	21,000	–	–	21,000
<b>Indirect interest</b>				
Edmond Tay Nam Hiong	24,213,220	–	–	24,213,220

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

### DIRECTORS' REMUNERATION

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 other than disclosed in Note 29 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The amount of indemnity insurance premium paid for Directors of the Company during the financial year amounted to RM40,000.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 55,000,000 new shares at issued price of RM0.68 for a total consideration of RM37,400,000 pursuant to the acquisition of subsidiary as disclosed in Note 6 to the financial statements.

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

The Company did not issue any debenture during the financial year.

## Directors' Report (cont'd)

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, 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 provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts of the Group and of the Company; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realise.

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

- (a) which would necessitate the writing off of bad debts or render to make any provision for doubtful debts in the financial statements of the Group and of the Company; 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 which would 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 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 liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of the Group and of the Company operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

### SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

Details of events subsequent to financial year end is disclosed in Note 33 to the financial statements.

## Directors' Report (cont'd)

## AUDITORS

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

The total amount of fee paid to or receivable by the Auditors, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 January 2023 amounted to RM848,464 and RM245,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, Messrs PKF PLT have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors

in accordance with a resolution of the Board of Directors,

**EDMOND TAY NAM HIONG**

## DIRECTORS

**TAN JECK MIN**

Singapore

26 May 2023

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 74 to 145 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 January 2023 and of their financial performances and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

.....  
**EDMOND TAY NAM HIONG**

Singapore

26 May 2023

.....  
**TAN JECK MIN**

## STATUTORY DECLARATION

I, Tan Jeck Min, being the Director primarily responsible for the financial management of Kronologi Asia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 74 to 145 are correct and I make this solemn declaration by virtue of the provisions of the Oaths and Declarations Act (Cap. 211), and subject to the penalties provided by that Act for the making of false statement in statutory declarations, conscientiously believing the same to be true in every particular.

Subscribed and solemnly declared by )  
the abovenamed at Singapore on this )  
day of 26 May 2023 )  
)

.....  
**TAN JECK MIN**

Before me:

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KRONOLOGI ASIA BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Kronologi Asia Berhad, which comprise the Statements of Financial Position as at 31 January 2023 of the Group and of the Company, the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 145.

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 January 2023 and of their financial performances and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

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.

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

### Key Audit Matters

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



## Independent Auditors' Report (cont'd)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### **Key Audit Matters (Cont'd)**

##### **(i) Valuation of goodwill (Group)**

###### **The risk**

MFRS 136 requires goodwill to be tested for impairment annually. We focused on this area due to complexity of the assessment process which involves complex and subjective judgements by the Directors about the future results of the relevant parts of the business.

The Group disclosed the nature and value of the assumptions used in the impairment analyses in Note 5 to the financial statements.

###### **Our response**

We made enquiries with the appropriate personnel to evaluate the basis of cash flow projections. We assessed the historical accuracy of management's budgets and forecasts. We considered the accuracy of management's estimates to have been reasonable for the current year with assumptions within an acceptable range.

Our procedures included the verification of management's key estimates and assumptions used in their impairment models. We have reviewed the methodology and challenged the results of the impairment test prepared by management.

#### **Information other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

## Independent Auditors' Report (cont'd)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### ***Responsibilities of the Directors for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

## Independent Auditors' Report (cont'd)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

### OTHER MATTERS

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

**PKF PLT**  
(202206000012 (LLP0030836-LCA) & AF0911)  
CHARTERED ACCOUNTANTS

Kuala Lumpur

26 May 2023

**SHARINAH BINTI MOHAMED IQBAL**  
03285/10/2024 J  
CHARTERED ACCOUNTANT

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2023

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	71,391,623	57,409,008	504,927	203,413
Goodwill on consolidation	5	263,294,574	263,294,574	–	–
Investment in subsidiaries	6A	–	–	300,317,124	300,317,124
Intangible assets	7	230,611	3,398,536	230,611	3,398,536
Other receivables	8	7,967,671	7,914,927	–	–
Deferred tax assets	9	1,845,008	1,331,020	–	–
Total non-current assets		344,729,487	333,348,065	301,052,662	303,919,073
<b>Current Assets</b>					
Inventories	10	13,634,771	15,888,712	–	43,714
Trade receivables	11	83,451,695	54,216,692	1,927,993	2,831,502
Other receivables	8	38,695,670	51,781,328	129,196	123,930
Amount due from subsidiaries	6B	–	–	12,292,916	25,271,685
Tax recoverable		386,366	214,795	236,452	104,959
Other investment	12	3,112,487	5,018,115	3,112,487	5,018,115
Cash and bank balances	13	103,320,488	112,560,864	1,226,496	1,939,336
Total current assets		242,601,477	239,680,506	18,925,540	35,333,241
<b>Total assets</b>		<b>587,330,964</b>	<b>573,028,571</b>	<b>319,978,202</b>	<b>339,252,314</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to owners of the Company:-</b>					
Share capital	14	331,847,149	294,447,149	331,847,149	294,447,149
Merger deficit	15	(17,406,096)	(17,406,096)	–	–
Exchange translation reserve	16	1,520,350	2,828,526	(350,561)	–
Retirement benefit obligations	17	327,266	(408,939)	–	–
Retained earnings/(Accumulated losses)	18	100,436,191	75,933,360	(25,862,140)	(6,570,463)
Total equity		416,724,860	355,394,000	305,634,448	287,876,686
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred income	19	9,178,401	11,821,693	–	–
Lease liabilities	20	6,512,090	8,604,960	215,772	–
Borrowings	23	6,636,157	–	–	–
Other payables	21	83,026	78,303	–	–
Retirement benefits obligations	17	1,316,559	2,144,736	–	–
Deferred tax liabilities	9	5,033,968	3,173,598	–	–
Total non-current liabilities		28,760,201	25,823,290	215,772	–

## Statements of Financial Position (cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
<b>LIABILITIES (CONT'D)</b>					
<b>Current liabilities</b>					
Trade payables	22	55,676,075	53,814,650	–	–
Other payables	21	29,993,860	80,330,776	13,961,587	51,332,359
Deferred income	19	16,872,364	19,686,615	–	–
Lease liabilities	20	4,285,162	6,255,677	166,395	43,269
Borrowings	23	31,436,891	28,359,643	–	–
Current tax payable		3,581,551	3,363,920	–	–
Total current liabilities		141,845,903	191,811,281	14,127,982	51,375,628
Total liabilities		170,606,104	217,634,571	14,343,754	51,375,628
<b>Total equity and liabilities</b>		<b>587,330,964</b>	<b>573,028,571</b>	<b>319,978,202</b>	<b>339,252,314</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Revenue	24	314,238,393	308,010,254	49,167,560	20,971,634
Cost of sales		(252,668,680)	(244,883,587)	(50,918,954)	(18,217,371)
Gross profit/(loss)		61,569,713	63,126,667	(1,751,394)	2,754,263
Other income		4,836,647	4,364,810	1,249,808	124,737
Selling and distribution expenses		(17,502,136)	(17,269,983)	–	–
Operating expenses		(17,585,367)	(21,230,779)	(1,480,496)	(2,418,983)
Net gain/(loss) on impairment of financial asset		60,414	802,995	(17,225,200)	(2,931,950)
Interest income		500,583	237,111	1,064	189,851
Interest expense		(2,666,842)	(1,427,785)	(15,083)	(8,587)
Share of results of equity - accounted associate		–	(102,771)	–	–
Profit/(Loss) before tax	26	29,213,012	28,500,265	(19,221,301)	(2,290,669)
Tax expense	27	(4,710,181)	(4,846,819)	(70,376)	(43,747)
Profit/(Loss) for the financial year, attributable to the owners of the Company		24,502,831	23,653,446	(19,291,677)	(2,334,416)
Other comprehensive income:-					
<b>Item that will be reclassified subsequently to profit or loss</b>					
Remeasurement of retirement benefits obligation	17	736,205	(39,796)	–	–
Exchange translation differences		(1,308,176)	1,108,918	(350,561)	–
Total comprehensive income/(loss) for the financial year, attributable to the owner of the Company		23,930,860	24,722,568	(19,642,238)	(2,334,416)
Earnings per share attributable to the owners of the Company (sen)	28				
- Basic		3.47	3.82		
- Dilluted		3.38	3.41		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	Attributable to owners of the Company					Total RM
	Share capital RM	Merger deficit RM	Non-distributable		Distributable	
			Exchange translation reserve RM	Retirement benefit obligations RM	Retained earnings RM	
Group						
Balance as at 31 January 2021	201,120,898	(17,406,096)	1,719,608	(369,143)	57,328,658	242,393,925
Exchange translation differences	-	-	1,108,918	(13,270)	-	1,095,648
Remeasurement of retirement benefits obligation	-	-	-	(26,526)	-	(26,526)
Profit for the financial year	-	-	-	-	23,653,446	23,653,446
Total comprehensive income for the financial year	-	-	1,108,918	(39,796)	23,653,446	24,722,568
Transaction with owners: Issuance of share capital	14	93,326,251	-	-	(5,048,744)	88,277,507
Balance as at 31 January 2022	294,447,149	(17,406,096)	2,828,526	(408,939)	75,933,360	355,394,000
Exchange translation differences	-	-	(1,308,176)	769,663	-	(538,513)
Remeasurement of retirement benefits obligation	-	-	-	(33,458)	-	(33,458)
Profit for the financial year	-	-	-	-	24,502,831	24,502,831
Total comprehensive income for the financial year	-	-	(1,308,176)	736,205	24,502,831	23,930,860
Transaction with owners: Issuance of share capital	14	37,400,000	-	-	-	37,400,000
Balance as at 31 January 2023	331,847,149	(17,406,096)	1,520,350	327,266	100,436,191	416,724,860

## Statements of Changes In Equity (cont'd)

	Note	Attributable to owners of the Company			Total RM
		Share capital RM	Non- distributable Exchange translation reserve RM	Distributable Retained earnings/ (Accumulated losses) RM	
<b>Company</b>					
<b>Balance as at 31 January 2021</b>		201,120,898	–	812,697	201,933,595
Total comprehensive loss for the financial year		–	–	(2,334,416)	(2,334,416)
<b>Transaction with owners:</b>					
Issuance of share capital	14	93,326,251	–	(5,048,744)	88,277,507
<b>Balance as at 31 January 2022</b>		294,447,149	–	(6,570,463)	287,876,686
Exchange translation differences		–	(350,561)	–	(350,561)
Loss for the financial year		–	–	(19,291,677)	(19,291,677)
Total comprehensive loss for the financial year		–	(350,561)	(19,291,677)	(19,642,238)
<b>Transaction with owners:</b>					
Issuance of share capital	14	37,400,000	–	–	37,400,000
<b>Balance as at 31 January 2023</b>		331,847,149	(350,561)	(25,862,140)	305,634,448

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	29,213,012	28,500,265	(19,221,301)	(2,290,669)
<b>Adjustments for:-</b>				
Amortisation of intangible assets	3,344,463	392,074	3,344,463	392,074
Depreciation of property, plant and equipment	22,151,478	17,254,525	210,043	204,313
Gain on disposal of property, plant and equipment	(65,936)	(3,947)	–	–
Dividend income	(7,943)	(112,737)	(7,943)	(112,737)
Interest expense	2,666,842	1,427,785	15,083	8,587
Interest income	(500,583)	(237,111)	(1,064)	(189,851)
Impairment loss on inventories	123,561	132,423	–	–
Property, plant and equipment written off	57,581	–	–	–
Impairment loss on receivables	147,669	287,670	–	–
Impairment loss on amount due from subsidiaries	–	–	22,125,402	4,900,202
Reversal of impairment loss on receivables	(208,083)	(1,090,665)	–	–
Reversal of impairment loss on amount due from subsidiaries	–	–	(4,900,202)	(1,968,252)
Reversal of impairment loss on inventories	(79,974)	(824,769)	–	–
Inventories written off	–	151,950	–	–
Share of results of equity - accounted associate	–	102,771	–	–
Unrealised loss/(gain) on foreign exchange	1,033,108	487,311	207,438	(71,192)
Operating profit before working capital changes	57,875,195	46,467,545	1,771,919	872,475
Changes in working capital:-				
Inventories	2,210,354	(2,782,350)	43,714	(43,714)
Receivables	(16,631,545)	(12,936,371)	799,318	(2,782,560)
Payables	(9,691,584)	20,636,491	1,587,503	92,869
Subsidiaries	–	–	(5,884,192)	10,153,853
Deferred income	(5,457,542)	(3,524,312)	–	–
Associate	–	23,851,410	–	–
Cash generated from/(used in) operations	28,304,878	71,712,413	(1,681,738)	8,292,923
Interest received	500,583	237,111	1,064	189,851
Tax paid	(3,286,907)	(1,978,495)	(204,308)	(68,248)
Net cash from/(used in) operating activities	25,518,554	69,971,029	(1,884,982)	8,414,526

## Statements of Cash Flows (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>INVESTING ACTIVITIES</b>				
Dividend income	7,943	112,737	7,943	112,737
Purchase of property, plant and equipment	(33,845,108)	(15,634,842)	(7,093)	–
Proceeds from disposal of property, plant and equipment	68,874	117,709	–	–
Acquisition of subsidiaries, net of cash acquired	–	(62,482,287)	–	(75,000,000)
Net cash (used in)/from investing activities	(33,768,291)	(77,886,683)	850	(74,887,263)
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital	–	64,277,507	–	64,277,507
Repayment of lease liabilities	(6,698,729)	(5,663,970)	(162,636)	(171,413)
Net proceeds from bank borrowings	9,713,405	(330,645)	–	–
Interest paid	(2,666,842)	(1,427,785)	(15,083)	(8,587)
Net cash from/(used in) financing activities	347,834	56,855,107	(177,719)	64,097,507
<b>CASH AND CASH EQUIVALENTS</b>				
Net movement	(7,901,903)	48,939,453	(2,061,851)	(2,375,230)
Effect of exchange translation differences	(3,244,101)	(948,266)	(556,617)	–
At beginning of the financial year	117,578,979	69,587,792	6,957,451	9,332,681
At end of the financial year	106,432,975	117,578,979	4,338,983	6,957,451

Statements of Cash Flows  
(cont'd)

## A. A reconciliation of liabilities arising from financing activities are as follows:-

Group	1 February 2022 RM	Financing cash flows RM	Proceeds from borrowings RM	Non-cash changes				31 January 2023 RM
				Accretion of interests RM	Addition RM	Foreign exchange RM	Reclassification RM	
Borrowings	28,359,643	(96,181,784)	104,044,400	1,850,789	-	-	(6,636,157)	31,436,891
- Current	-	-	-	-	-	-	6,636,157	6,636,157
- Non-current	6,255,677	(7,514,782)	-	816,053	2,346,859	288,485	2,092,870	4,285,162
Lease liabilities	8,604,960	-	-	-	-	-	(2,092,870)	6,512,090
- Current	-	-	-	-	-	-	-	-
- Non-current	8,604,960	-	-	-	-	-	(2,092,870)	6,512,090
	43,220,280	(103,696,566)	104,044,400	2,666,842	2,346,859	288,485	-	48,870,300

Group	1 February 2021 RM	Financing cash flows RM	Proceeds from borrowings RM	Accretion of interests RM	Addition RM	Foreign exchange RM	Acquisition of subsidiary RM	Reclassification RM	31 January 2022 RM
Borrowings	28,690,288	(102,641,014)	101,548,370	761,999	-	-	-	-	28,359,643
Lease liabilities	4,674,204	(6,329,756)	-	665,786	10,912,764	(118,279)	447,798	(3,996,840)	6,255,677
- Current	4,608,120	-	-	-	-	-	-	3,996,840	8,604,960
- Non-current	-	-	-	-	-	-	-	-	-
	37,972,612	(108,970,770)	101,548,370	1,427,785	10,912,764	(118,279)	447,798	-	43,220,280

## Statements of Cash Flows (cont'd)

### A. A reconciliation of liabilities arising from financing activities are as follows: - (cont'd)

Company	1 February 2022 RM	Financing cash flows RM	Non-cash changes			31 January 2023 RM
			Accretion of interests RM	Addition RM	Foreign exchange RM	Reclassification RM
Lease liabilities						
- Current	43,269	(177,719)	15,083	493,571	7,963	(215,772)
- Non-current	-	-	-	-	-	215,772
	43,269	(177,719)	15,083	493,571	7,963	382,167

	1 February 2021 RM	Financing cash flows RM	Non-cash changes			31 January 2022 RM
			Accretion of interests RM	Addition RM	Reclassification RM	
Lease liabilities						
- Current	171,413	(180,000)	8,587	-	43,269	43,269
- Non-current	43,269	-	-	-	(43,269)	-
	214,682	(180,000)	8,587	-	-	43,269

### B. Cash and cash equivalents

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other investment (Note 12)	3,112,487	5,018,115	3,112,487	5,018,115
Cash and bank balances (Note 13)	103,320,488	112,560,864	1,226,496	1,939,336
	106,432,975	117,578,979	4,338,983	6,957,451

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 JANUARY 2023

### 1. GENERAL INFORMATION

The Company was incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are located at Third Floor, No.77, 79, 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan and Level 28-D, Axiata Tower, No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan respectively.

The principal activities of the Company consist of investment holding and the provisions of business consulting, designing of solutions and research and development relating to new and emerging information technology software, applications, multimedia development, information systems, data management software, data protection solutions and processes, system back-up and disaster recovery systems and related businesses, provision of hybrid and cloud enterprise data management technology and solutions.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

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

#### (b) Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (b) Basis of measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

#### (c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest RM except when otherwise stated.

Prior to 1 February 2021, the Ringgit Malaysia ("RM") was regarded as the functional currency of the Company and the financial statements were also presented in RM. Following changes in the Company's customers' profiles in the current financial year, the Company reviewed its business and operating environment, and considered that the United States Dollar is the more appropriate functional currency. Accordingly the Company changed its functional currency from RM to United States Dollar ("USD") for the financial year ended 31 January 2022. The change in the functional currency of the Company was applied prospectively from the date of change, 1 February 2021, in accordance with MFRS 121 *The Effects of Changes in Foreign Exchange Rates*.

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 ("the functional currency"). The functional currency of the Group and of the Company is in United States Dollar ("USD"). The consolidated and separate financial statements are presented in Ringgit Malaysia ("RM").

The change in accounting policy has no significant financial effect on the financial statements of the Group and of the Company.

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (d) Adoption of new standards/amendments/improvements to MFRSs and IC Interpretations ("IC Int")

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs and IC Int which are mandatory for the financial period beginning on or after 1 February 2022.

##### Description

- Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRSs 2018 - 2020 cycle
  - Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
  - Amendments to MFRS 9, Financial Instruments
  - Amendments to MFRS 16, Leases
  - Amendments to MFRS 141, Agriculture

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

#### (e) Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

Description	Effective for annual periods beginning on or after
• MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 17, Insurance Contracts	1 January 2023
• Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112, Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 16, Leases: Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements.

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (f) Significant accounting estimates and judgements

Estimates assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgement, estimate and assumption made by management, and will seldom equal the estimated results.

##### **Estimation uncertainty**

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

##### Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis over their useful life. Management estimates the useful lives of the property, plant and equipment to be within 1 to 5 years and reviews the useful lives of depreciable assets at each end of the reporting year. As at 31 January 2023, management assesses that the useful lives represent the expected utilisation of the assets to the Group and the Company.

The carrying amount of the Group's and of the Company's property, plant and equipment and intangible assets with definite useful life at the end of the financial year is disclosed on Notes 4 and 7 to the financial statements.

##### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill and intangible assets are disclosed in Notes 5 and 7 to the financial statements.

##### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the financial year is disclosed on Note 10 to the financial statements.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation of net realisable values hence it would not result in material variance in the Group's profit for the financial year.



## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (f) Significant accounting estimates and judgements (Cont'd)

##### Estimation uncertainty (Cont'd)

###### Provision for expected credit losses of trade receivables

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's and the Company's trade receivables is disclosed in Note 11 and Note 31(B)(a) to the financial statements.

###### Tax expenses

The Group and the Company are exposed to income taxes. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's and of the Company's provision for taxation, deferred tax assets and deferred tax liabilities at the end of the reporting year, are disclosed on the face of statements of financial position and in Notes 9 and 27 to the financial statements respectively.

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (f) Significant accounting estimates and judgements (Cont'd)

##### Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

##### Research and development costs

The Group capitalises costs for development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

##### Estimating stand-alone selling price

The Group provides installation and maintenance services that are either sold separately or bundled together with the sale of goods to a customer. The installation and maintenance services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the goods, installation and maintenance are capable of being distinct. The fact that the Group regularly sells both goods, installation and maintenance on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the goods and to provide installation are distinct within the context of the contract. The goods, installation and maintenance are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the goods, installation and maintenance together in this contract do not result in any additional or combined functionality and neither the goods nor the installation or maintenance modify or customise the other. In addition, the goods and installation are not highly interdependent or highly interrelated, because the Group would be able to transfer the goods even if the customer declined installation and maintenance and would be able to provide installation and maintenance in relation to products sold by other distributors.

Consequently, the Group allocated a portion of the transaction price to the goods and the installation and maintenance services based on relative stand-alone selling prices.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements, unless otherwise stated.

#### 3.1 Consolidation

##### Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

##### Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance with MFRS 112 Income Taxes.

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

##### Business combinations and goodwill

Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Consolidation (Cont'd)

##### **Business combinations and goodwill (Cont'd)**

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

##### **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Foreign currency translation

##### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

##### Foreign operations

The assets and liabilities of foreign operations are dominated in functional currencies other than Ringgit Malaysia ("RM") including goodwill and fair value adjustments arising on acquisition, are translated into RM at the rate of exchange prevailing at the end of the reporting date and their profit or loss and other comprehensive income are translated at average rate over the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operations, the component of other comprehensive income relating to that particular foreign operations is recognised in the profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

#### 3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Property, plant and equipment (Cont'd)

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life. Annual depreciation based on the estimated useful lives of the assets are as follows:-

Infrastructure equipment	3 - 5 years
Office equipment	1 - 5 years
Furniture and fittings	3 - 5 years
Renovation	2 - 3 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually 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 property, plant and equipment.

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

#### 3.4 Intangible assets

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 losses. Internally generated intangible assets, exclude capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the period in which it incurred.

The useful life of intangible assets is assessed to be either finite or indefinite.

##### Definite life

Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year 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.

Amortisation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life. Annual amortisation based on the estimated useful lives of the assets are as follows:-

Intangible assets with finite useful life	5 years
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## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Intangible assets (Cont'd)

##### **Indefinite life**

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 intangibles 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.

Gain or losses arising from derecognition of an intangible asset is measured as the difference 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.

##### **Research and development costs**

Research costs are expensed as incurred.

Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development.

#### 3.5 Leases

##### ***(i) Initial recognition and measurement***

###### ***As a lessee***

The Group and the Company recognised right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:-

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate.

Variable lease payments that do not depend on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Leases (Cont'd)

##### (ii) Subsequent measurement

##### *As a lessee*

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 4 to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

##### Operating leases

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 3.6 Financial instruments

##### 3.6.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company become a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risk and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### 3.6.2 Financial asset - categorisation and subsequent measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

- (a) amortised cost ("AC")
- (b) fair value through profit or loss ("FVTPL")
- (c) fair value through other comprehensive income ("FVOCI")

In the years presented, the Group and the Company do not have any financial assets categorised as FVOCI.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6. Financial instruments (Cont'd)

##### 3.6.2 Financial asset - categorisation and subsequent measurement (Cont'd)

The classification is determined by both:-

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

##### ***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and other receivables, amount due from subsidiaries and an associate and cash and cash balances fall into this category of financial instruments.

##### ***Financial assets at fair value through profit or loss (FVTPL)***

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an investment in cash management fund. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

##### 3.6.3 Financial liabilities – categorisation and subsequent measurement

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and the Company's financial liabilities include borrowings, finance lease liabilities, trade and other payables.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6. Financial instruments (Cont'd)

##### 3.6.3 Financial liabilities – categorisation and subsequent measurement (Cont'd)

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Other financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

##### 3.6.4 Offsetting of financial instruments

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

##### 3.6.5 Financial assets – impairment

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:-

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6. Financial instruments (Cont'd)

##### 3.6.5 Financial assets – impairment (Cont'd)

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### *Trade and other receivables and contract assets*

The Group and the Company make use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group and the Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 31(B)(a) to accounts for a detailed analysis of how the impairment requirements of MFRS 9 are applied.

#### 3.7 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate write down has been made for deteriorated, obsolete and slow-moving inventories. Cost of inventories is determined on a first-in, first-out basis. Cost comprises cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

#### 3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid investments which are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

#### 3.9 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.10 Revenue recognition

##### **Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

##### ***Revenue from sales of goods, installation and maintenance services***

The Group provides installation and maintenance services that are either sold separately or bundled together with the sale of goods to a customer. The installation and maintenance services can be obtained from other providers and do not significantly customise or modify the goods.

Contracts for bundled sales of goods, installation and maintenance are comprised of three performance obligations because the promises to transfer goods, installation and maintenance services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the goods, installation and maintenance.

The Group recognises revenue from installation and maintenance services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the goods are recognised at a point in time, generally upon delivery of the goods.

Revenue invoiced where services have not been rendered at reporting date is recognised as deferred income.

##### **Revenue from other sources**

##### ***Interest income***

Interest income is recognised using the effective interest method in profit or loss.

#### 3.11 Employee benefits

##### **Short term employee benefits**

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

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting date.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.11 Employee benefits (Cont'd)

##### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

##### Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting year.

#### 3.12 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with borrowing of funds.

#### 3.13 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

##### Current tax

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

Current tax is recognised in the financial statements as a liability (or an asset) to the extent that it is unpaid (or refundable).

##### Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of reporting period.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Tax expense (Cont'd)

##### Deferred tax (Cont'd)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the end of the reporting period.

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

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

#### 3.14 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the profit or loss immediately in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at each reporting date, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting year, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 Equity, reserve and distributions to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current and prior years' retained profits.

All transactions with owners of the Company are recorded separately within equity.

#### 3.16 Government grants

The Group and the Company do not recognise government grants, including non-monetary grants at fair value, until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to the grants and the grants will be received.

The Group's and the Company's government grant include government assistance for participation in social projects in undeveloped areas which may have no conditions specifically relating to the Group's and the Company's operating activities.

#### 3.17 Operating segments

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

#### 3.18 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (i) A person or a close member of that person's family is related to the Group if that person:-
  - (a) has control or joint control over the Group; or
  - (b) has significant influence over the Group; or
  - (c) is a member of the key management personnel the Group.
- (ii) An entity is related to the Group if any of the following conditions applies:-
  - (a) the entity and the Group are members of the same group; or
  - (b) one entity is an associate or joint venture of the other entity; or
  - (c) both entities are joint ventures of the same third party; or
  - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  - (e) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group; or
  - (f) the entity is controlled or jointly-controlled by a person identified in (i) above; or
  - (g) a person identified in (i)(a) above which has significant influence over the entity or is a member of the key management personnel of the entity; or
  - (h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.



Notes to the Financial Statements  
(cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Infrastructure equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Leasehold building RM	Total RM
<b>Cost</b>							
At 1 February 2021	56,396,622	1,081,442	408,690	1,091,394	313,816	6,056,293	65,348,257
Acquisition of a subsidiary	4,315,492	86,865	54,936	21,236	-	707,505	5,186,034
Additions	25,131,177	115,226	36,162	41,210	-	1,223,831	26,547,606
Disposals	(163,517)	-	-	-	-	-	(163,517)
Written off	(321,934)	(119,957)	-	-	-	(764,206)	(1,206,097)
Foreign currency translation differences	1,490,799	16,964	6,718	33,758	7,266	184,337	1,739,842
At 31 January 2022	86,848,639	1,180,540	506,506	1,187,598	321,082	7,407,760	97,452,125
Additions	33,708,061	11,777	13,570	108,733	299,356	2,050,470	36,191,967
Disposals	(3,275)	(4,838)	-	-	-	-	(8,113)
Written off	(471,187)	-	-	-	-	(1,982,067)	(2,453,254)
Foreign currency translation differences	(226,173)	(12,729)	6,966	12,494	(7,852)	(109,144)	(336,438)
At 31 January 2023	119,856,065	1,174,750	527,042	1,308,825	612,586	7,367,019	130,846,287

Notes to the Financial Statements  
(cont'd)

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

Group (cont'd)	Infrastructure equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Leasehold building RM	Total RM
<b>Accumulated depreciation</b>							
At 1 February 2021	17,038,765	891,404	271,779	778,420	297,085	2,225,876	21,503,329
Acquisition of a subsidiary	1,457,334	70,187	31,869	11,332	–	259,707	1,830,429
Charge for the financial year	14,704,757	155,889	38,115	75,008	12,478	2,268,278	17,254,525
Disposals	(49,755)	–	–	–	–	–	(49,755)
Written off	(321,934)	(119,957)	–	–	–	(764,206)	(1,206,097)
Foreign currency translation differences	525,757	16,392	6,856	26,248	7,443	127,990	710,686
At 31 January 2022	33,354,924	1,013,915	348,619	891,008	317,006	4,117,645	40,043,117
Charge for the financial year	19,057,221	100,295	50,564	108,664	8,989	2,825,745	22,151,478
Disposals	(740)	(4,435)	–	–	–	–	(5,175)
Written off	(413,606)	–	–	–	–	(1,982,067)	(2,395,673)
Foreign currency translation differences	(283,067)	(10,409)	4,785	9,405	2,017	(61,814)	(339,083)
At 31 January 2023	51,714,732	1,099,366	403,968	1,009,077	328,012	4,899,509	59,454,664
<b>Net carrying amount</b>							
At 31 January 2023	68,141,333	75,384	123,074	299,748	284,574	2,467,510	71,391,623
At 31 January 2022	53,493,715	166,625	157,887	296,590	4,076	3,290,115	57,409,008

## Notes to the Financial Statements (cont'd)

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

Company	Renovation RM	Office equipment RM	Furniture and fittings RM	Leasehold building RM	Total RM
<b>Cost</b>					
At 1 February 2021/ 31 January 2022	122,848	12,971	209,821	339,497	685,137
Additions	–	7,337	–	510,555	517,892
Written off	–	–	–	(357,925)	(357,925)
Foreign currency translation differences	2,359	5	4,030	1,444	7,838
At 31 January 2023	125,207	20,313	213,851	493,571	852,942
<b>Accumulated depreciation</b>					
At 1 February 2021	53,158	6,021	90,921	127,311	277,411
Charge for the financial year	12,285	1,297	20,982	169,749	204,313
At 31 January 2022	65,443	7,318	111,903	297,060	481,724
Charge for the financial year	12,950	2,601	22,113	172,379	210,043
Written off	–	–	–	(357,925)	(357,925)
Foreign currency translation differences	826	54	1,414	11,879	14,173
At 31 January 2023	79,219	9,973	135,430	123,393	348,015
<b>Net carrying amount</b>					
At 31 January 2023	45,988	10,340	78,421	370,178	504,927
At 31 January 2022	57,405	5,653	97,918	42,437	203,413

The property, plant and equipment are comprised of right-of-use assets – leasehold building and the Group and Company lease various office and warehouse premises. The contract term ranging from 2 to 3 years (2022: 2 to 3 years).

During the financial year, the Group acquired a motor vehicle with an aggregate cost of RM296,389 by means of leases. The motor vehicle is secured against the personal guarantee by a director.

## Notes to the Financial Statements (cont'd)

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

#### Impairment test for property, plant and equipment

During the financial year, the Group carried out a review on the recoverable amount of its property, plant and equipment. The recoverable amount of the property, plant and equipment has been determined based on value-in-use calculations using cash-flow projections from financial budgets approved by management covering a five-year period.

The recoverable amount for the above was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:-

- Cash flows were projected based on actual operating results and a 5 years business plan.
- Revenue was projected at anticipated annual revenue growth of 0% to 3% (2022: 3% to 5%) per annum.
- Expenses were projected at an annual increase of approximately 3.0% (2022: 1.5%) per annum.
- A pre-tax discount rate of range of approximately 10.40% (2022: 10.30%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group plus a reasonable risk premium.

#### **Sensitivity to change in assumptions**

Management believes that the value-in-use calculation is sensitive to the changes in revenue and cost of sales growth rate applied in the calculation where it would cause the carrying value of property, plant and equipment to materially below their recoverable amounts.

Based on the review on the recoverable of property, plant and equipment, there is no further impairment on the property, plant and equipment is required in current financial year.

### 5. GOODWILL ON CONSOLIDATION

	2023 RM	Group 2022 RM
At 1 February 2022/ 2021	263,294,574	119,546,232
Acquisition of a subsidiary	–	143,748,342
At 31 January	263,294,574	263,294,574

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified in the foreign subsidiary's operations acquired.

## Notes to the Financial Statements (cont'd)

### 5. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount for the above was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:-

- Cash flows were projected based on actual operating results and a 5 years business plan.
- Revenue was projected at anticipated annual revenue from decrease of approximately 5.00% to growth of approximately 18.72% (2022: growth of 5% to 20%) per annum.
- Cost of sales (excluding staff cost) were projected at average cost to revenue ranging from 74% to 87% (2022: 68% to 85%) per annum.
- For the staff cost was projected at an annual increase of approximately 2.16% to 4.00% (2022: 1.76% to 20.00%) per annum.
- Expenses were projected at an annual increase of approximately 2.16% to 4.00% (2022: 1.80% to 10.00%) per annum.
- A pre-tax discount rate of range of approximately 10.40% (2022: 10.30%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group plus a reasonable risk premium.

#### Sensitivity to changes in assumptions

With regards to the assessments of value-in-use of these CGU, management believes the calculation of the value-in-use are sensitive to the changes in growth rate of revenue and rate of increase of cost of sales applied would cause the carrying values of these units to differ materially from their recoverable amounts.

### 6. SUBSIDIARIES

#### A. Investment in subsidiaries

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	300,317,124	300,317,124

## Notes to the Financial Statements (cont'd)

### 6. SUBSIDIARIES (CONT'D)

#### A. Investment in subsidiaries (Cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiaries	Country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
Quantum Storage (South Asia) Pte. Ltd. ("QSA") #	Singapore	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
Kronicles (Singapore) Pte. Ltd. ("KS") #	Singapore	100	100	Managed services business providing a holistic comprehensive and automated daily backup targeted at medium sized enterprises.
Kronicles (Malaysia) Sdn. Bhd.	Malaysia	100	100	Managed services business providing a holistic comprehensive and automated daily backup targeted at medium sized enterprises.
Quantum Storage (Hong Kong) Limited ("QHK") *	British Virgin Islands	100	100	Investment holding and infrastructure technology business providing data protection, hardware and software solutions to enterprises.
Sandz Solutions (Singapore) Pte. Ltd. ("Sandz")*	Singapore	100	100	Investment holding and distribution and reselling of computers, related products and provision of managed services business.
Quantum China Limited ("QCL")*	British Virgin Islands	100	100	Investment holding and infrastructure technology business providing data protection, hardware and software solutions to enterprises.
<b><u>Subsidiaries of QSA</u></b>				
Quantum Storage South Asia Sdn. Bhd.	Malaysia	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
Quantum Storage (India) Pte. Ltd. ("QSI") #	Singapore	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.

## Notes to the Financial Statements (cont'd)

### 6. SUBSIDIARIES (CONT'D)

#### A. Investment in subsidiaries (Cont'd)

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

Name of subsidiaries	Country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
<b><u>Subsidiary of QSI</u></b>				
Quantum Storage (India) Pvt. Ltd. #	India	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
<b><u>Subsidiary of KS</u></b>				
Kronicles (Hong Kong) Limited*	Hong Kong	100	100	Managed services business providing a holistic comprehensive and automated daily backup targeted at medium sized enterprises.
<b><u>Subsidiaries of QHK</u></b>				
Quantum Storage (Hong Kong) Limited *	Hong Kong	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
Quantum Taiwan Limited*	Taiwan	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
Quantum Storage (Hong Kong) Pte. Ltd.*	Singapore	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
<b><u>Subsidiaries of Sandz</u></b>				
Sandz Solutions Philippines, Inc.*	Philippines	100	100	Distribution and reselling of computers, related products and provision of managed services business.
<b><u>Subsidiaries of QCL</u></b>				
Quantum Storage (China) Pte. Ltd.*	Singapore	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.
Quantum Storage Technology (Shenzhen) Co., Ltd*	Republic of China	100	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.

\* The companies are audited by other firms of auditors.

# The companies are audited by member alliance

## Notes to the Financial Statements (cont'd)

### 6. SUBSIDIARIES (CONT'D)

#### A. Investment in subsidiaries (Cont'd)

##### Acquisition of a subsidiary

##### **2022 – QCL**

On 24 May 2021, the Company acquired the remaining 83.33% equity interest in QCL for a purchase consideration of up to RM150,000,000.

The purchase consideration was satisfied through a mixture of allotment and issuance of up to 110,294,117 new ordinary shares of the Company ("Consideration Shares") and payment of a cash consideration component, details as follows:-

- (i) 1<sup>st</sup> payment tranche: Payment of RM99,000,000 in which shall be fully satisfied by the mixture of RM75,000,000 in cash and allotment and issuance of 35,294,117 Consideration Shares by the Company, each credited as fully paid-up, at the issue price of RM0.68 per Consideration Share ("Issue Price"), on the completion date of the SPA QCL; and
- (ii) 2<sup>nd</sup> payment tranche: Payment of RM37,400,000, shall be fully satisfied by the allotment and issuance of 55,000,000 Consideration Shares by the Company, each credited as fully paid-up, at the Issue Price, upon QCL Group achieving the Profit Warranty of USD2,000,000 for financial year ended 31 January 2022.
- (iii) 3<sup>rd</sup> payment tranche: Payment of RM13,600,000, shall be fully satisfied by the allotment and issuance of 20,000,000 Consideration Shares by the Company, each credited as fully paid-up, at the Issue Price, upon QCL Group achieving the Profit Warranty of USD2,500,000 for financial year ended 31 January 2023.

In the event QCL Group fails to achieve the Profit Warranty, the consideration amount payable shall be adjusted downwards proportionately by a ratio of 1% of the 2nd Payment Consideration for every USD20,000 shortfall of the Profit Warranty if the relevant Profit Warranty are not met. The Profit Warranty was met for the financial year ended 31 January 2022 and 31 January 2023.

##### **Consideration transferred, assets recognised and liabilities assumed**

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:-

	<b>2022 RM</b>
<b>Fair value of consideration:-</b>	
Cash consideration	75,000,000
Equity instruments issued	24,000,000
Contingent consideration recognised as at acquisition date	51,000,000
	<hr/> 150,000,000 <hr/>



## Notes to the Financial Statements (cont'd)

### 6. SUBSIDIARIES (CONT'D)

#### A. Investment in subsidiaries (Cont'd)

##### **Consideration transferred, assets recognised and liabilities assumed (Cont'd)**

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date (cont'd):-

	2022 RM
<b>Fair value of identifiable assets acquired and liabilities assumed:-</b>	
Property, plant and equipment	3,355,605
Inventories	2,788,210
Trade and other receivables	17,349,781
Cash and cash equivalents	12,517,713
Trade and other payables	(1,009,610)
Deferred income	(7,520,168)
Lease liabilities	(447,798)
Amount due to related companies	(5,359,554)
Current tax liabilities	(998,213)
Deferred tax liabilities	(465,055)
	20,210,911
<b>Net cash inflow arising from acquisition of a subsidiary</b>	
Purchase consideration settled in cash	75,000,000
Cash and cash equivalents acquired	(12,517,713)
	62,482,287
<b>Goodwill recognised as a result of the acquisition as follow:-</b>	
Fair value of consideration	150,000,000
Fair value of identifiable net assets	(20,210,911)
Fair value of existing interest in the acquiree	12,553,024
Share of results on existing interest in acquiree	1,406,229
	143,748,342

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiaries into the Group's existing business.

##### **Acquisition-related costs**

The Group incurred acquisition-related costs of approximately RM600,000 in the financial year 2022 related to external legal fees and due diligence costs. The expenses have been included in other operating expenses in the profit or loss.

## Notes to the Financial Statements (cont'd)

### 6. SUBSIDIARIES (CONT'D)

#### A. Investment in subsidiaries (Cont'd)

##### ***Impact of the acquisition on the Consolidated Statement of Profit or Loss and Other Comprehensive Income***

From the date of acquisition, acquired subsidiaries has contributed RM65,554,881 and RM9,042,483 to the Group's revenue and profit for the financial year 2022 respectively before any consolidated adjustment. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year 2022 from its continuing operations would have been RM81,915,238 and RM8,416,632 respectively.

#### B. Amount due from subsidiaries

	2023 RM	Company 2022 RM
Trade	24,983,409	21,801,654
Less: Impairment loss		
At 1 February 2022/ 2021	2,608,483	1,385,075
Impairment	19,676,612	2,608,483
Reversal	(2,750,072)	(1,385,075)
Foreign currency translation differences	(512,976)	–
At 31 January	19,022,047	2,608,483
	5,961,362	19,193,171
Non-trade	8,956,018	8,370,233
Less: Impairment loss		
At 1 February 2022/ 2021	2,291,719	583,177
Impairment	2,714,774	2,291,719
Reversal	(2,416,114)	(583,177)
Foreign currency translation differences	34,085	–
At 31 January	2,624,464	2,291,719
	6,331,554	6,078,514
	12,292,916	25,271,685

The trade balance included dividend receivable of RM10,652,452 (2022: RM10,451,693). The normal trade credit terms granted by the Company is 30 days (2022: 30 days).

Amount due from subsidiaries are unsecured, bears no interest and repayable on demand.

## Notes to the Financial Statements (cont'd)

### 6. SUBSIDIARIES (CONT'D)

#### B. Amount due from subsidiaries (Cont'd)

The foreign currency exposure profile of amount due from subsidiaries are as follows:-

	Company	
	2023 RM	2022 RM
US Dollar	5,943,978	9,181,343
Singapore Dollar	121,904	1,157,908

### 7. INTANGIBLE ASSETS

	Group and Company FABRIK		
	Software with definite useful life RM	framework with indefinite useful life RM	Total RM
<b>Cost</b>			
At 1 February 2021/ 31 January 2022	2,140,038	2,793,271	4,933,309
Reclassification	2,944,889	(2,944,889)	–
Foreign currency translation differences	(56,857)	151,618	94,761
At 31 January 2023	5,028,070	–	5,028,070
<b>Accumulated amortisation</b>			
At 1 February 2021	1,142,699	–	1,142,699
Amortisation for the financial year	392,074	–	392,074
At 31 January 2022	1,534,773	–	1,534,773
Amortisation for the financial year	3,344,463	–	3,344,463
Foreign currency translation differences	(81,777)	–	(81,777)
At 31 January 2023	4,797,459	–	4,797,459
<b>Net carrying amount</b>			
At 31 January 2023	230,611	–	230,611
At 31 January 2022	605,265	2,793,271	3,398,536

## Notes to the Financial Statements (cont'd)

### 7. INTANGIBLE ASSETS (CONT'D)

The FABRiK framework represents processes, tools and best practices with establish standards and defines rules that the Group's apply in its daily operations and entire products and services delivery. The useful life of the framework is estimated to be indefinite because the management believes that there are no foreseeable limits to the period over which the processes and best practices are expected to generate net cash inflows to the Group. FABRiK framework is assessed for impairment on an annual basis.

The software with definite useful life represents software enhancements made to the components of FABRiK framework in order for it to deliver additional functionality. The useful life of the software is defined to be 5 years.

#### **Impairment test review of FABRiK framework with indefinite useful life**

During the financial year 2023, the Group has carried out a review on the recoverable amount of its FABRiK framework. The recoverable amount of the FABRiK framework has been determined based on value-in-use calculations using cash-flow projections from financial budgets approved by management covering a five-year period.

#### ***Key assumptions used in value-in-use calculations***

Key assumptions and managements approach to determine the values assigned to each key assumption are as follows:-

- (i) Technical service fee - The technical service fee is determined by management which is receivable from its subsidiaries. Cash flow forecast from subsidiaries had been used as the reference to determine the technical service fee.
- (ii) Discount rate - The discount rate applied to the cash flows projection is Nil (2022: 10.30%) and is based on the weighted average cost of capital of the Company.
- (iii) Expenses - The inflation rate of Nil (2022: 2.00%) has been applied as the growth rate of the expenses over the 5 years under review.

#### **Sensitivity to changes in assumptions**

Management believes that the value-in-use calculation is sensitive to the changes in technical service fee and expenses growth rate applied in the calculation where it would cause the carrying value of FABRiK framework to materially below their recoverable amounts.

#### **Reclassification**

During the financial year 2023, the Group has reclassified FABRiK framework with indefinite useful life to Software with definite useful life due to rapidly changing of technology landscape and environment, focus has shifted to product and cloud/hybrid solutioning in the last few years.

## Notes to the Financial Statements (cont'd)

### 8. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
Prepayments	7,967,671	7,914,927	–	–
<b>Current</b>				
Non-trade receivables	493,703	306,432	–	–
Advance payment to suppliers	3,412,880	16,742,800	–	–
Creditable WHT/VAT/GST receivables	5,811,786	9,315,735	–	–
Deposits	12,838,674	4,282,368	84,207	84,357
Prepayments	12,334,655	14,193,164	44,990	39,573
Contract asset	3,803,972	6,940,829	–	–
<b>Total current</b>	<b>38,695,670</b>	<b>51,781,328</b>	<b>129,197</b>	<b>123,930</b>
<b>Total other receivables</b>	<b>46,663,341</b>	<b>59,696,255</b>	<b>129,197</b>	<b>123,930</b>

Prepayments amounting to RM19,555,289 (2022: RM21,562,361) of the Group is in respect of trade expenditure which are maintenance fees paid in advance to suppliers, represented by:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current</b>				
Within one year	11,587,618	13,647,434	–	–
<b>Non-current</b>				
Later than one year but not later than two years	3,731,692	5,160,506	–	–
Later than two years but not later than five years	4,211,846	2,644,040	–	–
More than five years	24,133	110,381	–	–
	<b>7,967,671</b>	<b>7,914,927</b>	<b>–</b>	<b>–</b>
	<b>19,555,289</b>	<b>21,562,361</b>	<b>–</b>	<b>–</b>

## Notes to the Financial Statements (cont'd)

### 8. OTHER RECEIVABLES (CONT'D)

The foreign currency exposure profile of other receivables are as follows:-

	2023 RM	Group 2022 RM
US Dollar	8,659,495	2,081,663
Singapore Dollar	3,034,356	649,841
Thai Baht	19,157	18,649
Indonesian Rupiah	39,868	40,902
Indian Rupee	161,438	165,385
Philippines Peso	1,036,351	971,701
Hong Kong Dollar	95,869	107,274
Chinese Yuan	4,002,520	7,406,770

### 9. DEFERRED TAX ASSETS/(LIABILITIES)

	2023 RM	Group 2022 RM
Deferred tax assets	1,845,008	1,331,020
Deferred tax liabilities	(5,033,968)	(3,173,598)
	(3,188,960)	(1,842,578)

The movement of deferred tax assets/(liabilities) is as follows:-

At 1 February 2022/ 2021	(1,842,578)	(1,317,583)
Acquisition of subsidiary	—	(465,055)
Recognised in profit or loss (Note 27)	(1,025,251)	73,627
Foreign currency translation differences	(321,131)	(133,567)
At 31 January	(3,188,960)	(1,842,578)

The deferred tax assets/(liabilities) as at reporting date are made up of temporary difference arising from:-

	2023 RM	Group 2022 RM
Property, plant and equipment	(2,940,941)	(1,815,841)
Others	(248,019)	(26,737)
	(3,188,960)	(1,842,578)

## Notes to the Financial Statements (cont'd)

### 10. INVENTORIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trading goods	13,891,197	16,098,963	–	43,714
Less: Impairment loss				
At 1 February 2022/ 2021	210,251	890,483	–	–
Impairment	123,561	132,423	–	–
Reversal	(79,974)	(824,769)	–	–
Foreign currency translation differences	2,588	12,114	–	–
At 31 January	256,426	210,251	–	–
	13,634,771	15,888,712	–	43,714
<b>Recognised in profit or loss:-</b>				
Inventories recognised as cost of sales	123,320,310	166,211,025	46,443,032	17,790,388
Impairment loss of inventories	123,561	132,423	–	–
Inventories written off	–	151,950	–	–

### 11. TRADE RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables	83,669,334	54,506,666	1,927,993	2,831,502
Less: Impairment loss				
At 1 February 2022/ 2021	289,974	1,105,086	–	–
Impairment	147,669	287,670	–	–
Reversal	(208,083)	(1,090,665)	–	–
Foreign currency translation differences	(11,921)	(12,117)	–	–
At 31 January	217,639	289,974	–	–
	83,451,695	54,216,692	1,927,993	2,831,502

The normal trade credit terms granted to the trade receivables ranging from 7 to 90 days (2022: 7 to 90 days).

Trade receivables are recognised at their original invoice amounts which represent their fair value at initial recognition.

## Notes to the Financial Statements (cont'd)

### 11. TRADE RECEIVABLES (CONT'D)

The foreign currency exposure profile of the trade receivables are as follows:-

	2023 RM	Group 2022 RM
US Dollar	52,749,189	27,264,275
Singapore Dollar	1,400,033	204,390
Indian Rupee	1,741,340	816,015
Philippines Peso	12,003,854	19,255,124
New Taiwan Dollar	78,493	16,211
Chinese Yuan	15,478,786	6,660,677

### 12. OTHER INVESTMENT

	Group and Company 2023 RM	2022 RM
<b>Financial asset at fair value through profit or loss</b>		
<u>Current asset</u>		
Cash management fund	3,112,487	5,018,115

Cash management fund is a highly liquid investment which are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

### 13. CASH AND CASH EQUIVALENTS

The foreign currency exposure profile of the cash and cash equivalents are as follows:-

	2023 RM	Group 2022 RM
US Dollar	54,236,642	64,611,736
Singapore Dollar	5,726,211	12,150,167
Thailand Baht	1,390	2,938
Philippines Peso	7,696,233	23,457,228
Indian Rupee	3,410,156	4,676,076
Indonesian Rupiah	6,154	3,651
New Taiwan Dollar	127,159	175,378
Hong Kong Dollar	171,426	537,053
Chinese Yuan	31,010,244	5,762,450



## Notes to the Financial Statements (cont'd)

### 14. SHARE CAPITAL

	Group and Company		Amount	
	No. of ordinary shares 2023 Unit	2022 Unit	2023 RM	2022 RM
<b>Issued and fully paid:-</b>				
At 1 February 2022/ 2021	663,344,417	523,375,300	294,447,149	201,120,898
Issued during the financial year pursuant to:-				
- Private placement	–	104,675,000	–	69,326,251
- Acquisition of subsidiary: QCL	55,000,000	35,294,117	37,400,000	24,000,000
	55,000,000	139,969,117	37,400,000	93,326,251
At 31 January	718,344,417	663,344,417	331,847,149	294,447,149

During the financial year, the Company issued 55,000,000 new ordinary shares at issued price of RM0.68 for a total consideration of RM37,400,000 pursuant to the acquisition of subsidiary as disclosed in Note 6 to the financial statements.

In the financial year 2022, the Company issued:-

- (a) 104,675,000 new ordinary shares at issue price of RM0.6623 for a total consideration of RM69,326,251 pursuant to the Proposed Private Placement.
- (b) 35,294,117 new ordinary shares at issued price of RM0.68 for a total consideration of RM24,000,000 pursuant to the acquisition of subsidiary as disclosed in Note 6 to the financial statements.

The new ordinary shares issued during the prior financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares are carrying one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

### 15. MERGER DEFICIT

The merger deficit arises as and when the combination takes place, where the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired.

### 16. EXCHANGE TRANSLATION RESERVE

The exchange translation reserve comprises foreign exchange differences arising from the translation of financial statements of foreign subsidiaries.

## Notes to the Financial Statements (cont'd)

### 17. RETIREMENT BENEFIT OBLIGATIONS

The Group has a non-contributory, defined benefit plan covering all its officers and regular employees. Retirement benefits expense recognised in the statement of comprehensive income is computed based on provision of MFRS 119. The principal actuarial assumptions used to determine the funding of the trust fund is accrued benefit actuarial cost method which take into account the factors of investment, mortality, disability and salary projection rates.

(a) The movement in the defined benefit obligation is as follows:-

	2023 RM	Group 2022 RM
<b>Non-current</b>		
At 1 February 2022/ 2021		
- Present value of the obligation	2,144,736	1,995,901
Foreign currency translation differences	(79,321)	(55,517)
	2,065,415	1,940,384
Expense recognised in profit and loss:-		
- Current service cost	172,315	105,218
- Interest cost	105,049	99,134
	277,364	204,352
Remeasurement in other comprehensive income	(1,026,220)	-
At 31 January		
- Present value of the obligation	1,316,559	2,144,736

(b) Remeasurement in other comprehensive income represent actuarial gain and losses which are presented at net of related deferred tax as shown below:-

	2023 RM	Group 2022 RM
Actuarial gain recognised		
- Changes in financial assumptions	(394,107)	-
- Deferred tax asset	256,553	26,526
- Experience adjustments	(632,113)	-
	(769,667)	26,526

## Notes to the Financial Statements (cont'd)

### 17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) The accumulated remeasurements loss recognised in the statement of financial positions as follows:-

	2023 RM	Group 2022 RM
<b>Equity</b>		
At 1 February 2022/ 2021	(408,939)	(369,143)
Remeasurement during the financial year, net of tax	769,663	(26,526)
Foreign currency translation differences	(33,458)	(13,270)
At 31 January	327,266	(408,939)

The defined benefit obligation is calculated using the discount rate set with reference to government bonds. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting date) has been applied as when calculating the retirement benefit liability recognised in the statements of financial position.

There were no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

### 18. RETAINED EARNINGS

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax exempt dividends.

### 19. DEFERRED INCOME

	2023 RM	Group 2022 RM
<b>Current</b>		
Within one year	16,872,364	19,686,615
<b>Non-current</b>		
Later than one year but not later than two years	5,100,873	11,130,449
Later than two years but not later than five years	3,962,578	592,813
More than 5 years	114,950	98,431
	9,178,401	11,821,693
	26,050,765	31,508,308

## Notes to the Financial Statements (cont'd)

### 20. LEASE LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Secured:-				
- Current	2,434,963	2,713,077	–	–
- Non-current	5,710,971	7,479,155	–	–
	8,145,934	10,192,232	–	–
Unsecured:-				
- Current	1,850,199	3,542,600	166,395	43,269
- Non-current	801,119	1,125,805	215,772	–
	2,651,318	4,668,405	382,167	43,269
	10,797,252	14,860,637	382,167	43,269

The lease liabilities bear interest ranging from 2.63% to 6.00% (2022: 2.60% to 6.20%) per annum.

The secured lease liabilities are obtained by way of corporate guarantee by the Company's subsidiary.

#### Group and Company as Lessee

The Group and Company have lease contracts for motor vehicle, infrastructure equipment and leasehold building. The Group and Company's obligations under these leases are secured by the lessors' title to the leased assets. The Group and Company are restricted from assigning and subleasing the lease assets. There are several lease contracts that include extension options which are further discussed below:-

- a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Motor Vehicle RM	Infrastructure Equipment RM	Leasehold Building RM	Total RM
<b>Group</b>				
At 1 February 2021	16,731	–	3,830,417	3,847,148
Acquisition of subsidiary	–	–	447,798	447,798
Addition	–	9,688,933	1,223,831	10,912,764
Depreciation	(12,478)	(968,892)	(2,268,278)	(3,249,648)
Foreign currency translation differences	(177)	69,929	56,347	126,099
At 31 January 2022	4,076	8,789,970	3,290,115	12,084,161
Addition	296,389	–	2,050,470	2,346,859
Depreciation	(8,989)	(2,059,355)	(2,825,745)	(4,894,089)
Foreign currency translation differences	(9,870)	237,347	(47,330)	180,147
At 31 January 2023	281,606	6,967,962	2,467,510	9,717,078

## Notes to the Financial Statements (cont'd)

### 20. LEASE LIABILITIES (CONT'D)

- a) Carrying amounts of right-of-use assets classified within property, plant and equipment (cont'd)

	<b>Leasehold building RM</b>
<b>Company</b>	
At 1 February 2021	212,186
Depreciation	(169,749)
At 31 January 2022	42,437
Addition	510,555
Depreciation	(172,379)
Foreign currency translation differences	10,435
At 31 January 2023	370,178

- b) Amount recognised in profit or loss

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation of right-of-use assets	4,894,089	3,249,648	172,379	169,749
Interest expense on lease liabilities	816,053	665,786	15,083	8,587
Lease expense not capitalised in lease liabilities	101,481	357,955	–	–
	5,811,623	4,273,389	187,462	178,336

The total cash outflow (included interest expense) of the Group and of the Company for leases for the financial year ended 31 January 2023 are RM6,698,729 and RM162,636 (2022: RM5,663,970 and RM171,413) respectively.

### 21. OTHER PAYABLES

	Group	Company		
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
Gratuity payables	83,026	78,303	–	–
<b>Current</b>				
Non-trade payables	14,078,425	52,118,440	13,637,475	51,120,854
Accrual of expenses	13,741,914	21,526,462	324,112	211,505
GST/VAT payables	2,173,521	6,685,874	–	–
<b>Total current</b>	29,993,860	80,330,776	13,961,587	51,332,359
<b>Total other payables</b>	30,076,886	80,409,079	13,961,587	51,332,359

## Notes to the Financial Statements (cont'd)

### 21. OTHER PAYABLES (CONT'D)

Included in the non-trade payables is an amount payable to the previous shareholder of QCL amounting RM13,600,000 (2022: RM51,000,000) as set out in Note 6 to the Financial Statements.

	2023 RM	Group 2022 RM
US Dollar	3,162,069	2,821,342
Singapore Dollar	1,812,647	5,976,362
Indian Rupee	225,736	212,260
New Taiwan Dollar	31,529	80,968
Philippines Peso	6,613,581	11,688,763
Hong Kong Dollar	137,529	212,745
Chinese Yuan	1,826,475	1,176,734
Others	11,916	98,428

### 22. TRADE PAYABLES

The normal trade credit terms granted by trade payables ranging from 30 to 180 days (2022: 30 to 180 days).

The foreign currency exposure profile of the trade payables are as follows:-

	2023 RM	Group 2022 RM
US Dollar	43,547,495	34,720,554
Singapore Dollar	139,016	3,140,526
Philippines Peso	11,955,266	15,922,139
Hong Kong Dollar	34,298	30,097

### 23. BORROWINGS

The borrowings consist of bills payable and term loan which have effective interest rates between 6.82% and 7.47% (2022: 2.62% and 2.74%) per annum and are repayable within the next 4 to 36 months (2022: 4 months). The borrowings are obtained by way of corporate guarantee by the Company.

## Notes to the Financial Statements (cont'd)

### 24. REVENUE

Revenue comprise the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sale of goods	144,669,675	176,612,426	46,306,231	18,335,726
Rendering of services	169,568,718	131,397,828	2,861,329	2,635,908
	314,238,393	308,010,254	49,167,560	20,971,634

Disaggregated revenue information

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Segments</b>				
<b>Types of good or service</b>				
EDM infrastructure technology	250,866,646	255,340,833	47,909,883	18,370,634
EDM Managed services	63,371,747	52,669,421	–	–
Investment holding and others	–	–	1,257,677	2,601,000
Total revenue from contracts with customers	314,238,393	308,010,254	49,167,560	20,971,634

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Geographical markets</b>				
Singapore	106,820,568	90,425,738	48,659,943	20,971,634
China	87,178,686	65,568,202	–	–
Philippines	76,155,019	108,464,628	–	–
India	20,439,639	13,501,595	507,617	–
Hong Kong and Taiwan	16,730,806	20,444,890	–	–
Malaysia	1,897,506	983,069	–	–
Others	5,016,169	8,622,132	–	–
Total revenue from contracts with customers	314,238,393	308,010,254	49,167,560	20,971,634

## Notes to the Financial Statements (cont'd)

### 24. REVENUE (CONT'D)

#### Timing of revenue recognition

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Goods transferred at a point in time	144,669,675	176,612,426	46,306,231	18,335,726
Service transferred at a point in time	76,753,115	54,943,131	1,603,652	34,908
Services transferred over time	92,815,603	76,454,697	1,257,677	2,601,000
Total revenue from contracts with customers	314,238,393	308,010,254	49,167,560	20,971,634

### 25. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and bonuses	27,521,667	24,840,069	348,628	204,760
Defined contribution plans	3,356,270	2,318,551	43,984	28,491
Directors' emolument	2,221,458	4,199,865	390,000	390,000
	33,099,395	31,358,485	782,612	623,251

The details of Directors' emoluments are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Remuneration	1,730,044	3,702,829	–	–
Fees	390,000	390,000	390,000	390,000
Defined contribution plans	101,414	107,036	–	–
	2,221,458	4,199,865	390,000	390,000



## Notes to the Financial Statements (cont'd)

### 26. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging/(crediting) the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Audit fee				
- Statutory	848,464	683,805	245,000	230,000
- Non-statutory	10,000	10,000	10,000	10,000
Employee benefit expenses (including key management personnel)	29,743,125	29,039,934	738,628	594,760
Cost of defined contribution plan included in employee benefit expenses	3,356,270	2,318,551	43,984	28,491
Amortisation of intangible assets	3,344,463	392,074	3,344,463	392,074
Depreciation of property, plant and equipment	22,151,478	17,254,525	210,043	204,313
Gain on disposal of property, plant and equipment	(65,936)	(3,947)	–	–
Dividend income	(7,943)	(112,737)	(7,943)	(112,737)
Property, plant and equipment written off	57,581	–	–	–
Impairment loss on receivables	147,669	287,670	–	–
Impairment loss on amount due from subsidiaries	–	–	22,125,402	4,900,202
Interest expense	2,666,842	1,427,785	15,083	8,587
Interest income	(500,583)	(237,111)	(1,064)	(189,851)
Impairment loss on inventories	123,561	132,423	–	–
Reversal of impairment loss on receivables	(208,083)	(1,090,665)	–	–
Reversal of impairment loss on amount due from subsidiaries	–	–	(4,900,202)	(1,968,252)
Reversal of impairment loss on inventories	(79,974)	(824,769)	–	–
Inventories written off	–	151,950	–	–
Foreign exchange (gain)/loss (net)	4,071	(429,334)	(1,241,865)	309,643

## Notes to the Financial Statements (cont'd)

### 27. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current tax</b>				
- current year	3,936,738	4,922,262	70,306	45,563
- prior years	(251,808)	(1,816)	70	(1,816)
	3,684,930	4,920,446	70,376	43,747
<b>Deferred tax (Note 9)</b>				
- current year	1,025,251	(73,627)	–	–
	4,710,181	4,846,819	70,376	43,747

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	29,213,012	28,500,265	(19,221,301)	(2,290,669)
Tax at Malaysian statutory tax rate at 24%	7,011,123	6,840,064	(4,613,112)	(549,761)
Tax effect in respect of:-				
Effects of different tax rates in other jurisdictions	(3,585,562)	(678,009)	–	–
Income not subject to tax	(3,242,039)	(1,218,212)	(1,906)	(27,057)
Expenses not deductible for tax purposes	3,937,267	864,209	802,671	97,984
Partial tax exemption and tax incentives	(335,350)	(214,613)	–	–
Others	(231,944)	43,521	(75,326)	–
Movement of deferred tax assets not recognised	4,149,311	936,304	3,957,979	524,397
Utilisation of previously unrecognised capital allowance	(2,740,817)	(1,724,629)	–	–
Under/(Over) provision in prior years	(251,808)	(1,816)	70	(1,816)
	4,710,181	4,846,819	70,376	43,747

## Notes to the Financial Statements (cont'd)

### 27. TAX EXPENSE (CONT'D)

Deferred tax assets that have not been recognised in respect of the following items due to uncertainty of probable future taxable profit will be available against which the Group and the Company can utilise the benefits:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	(9,799,447)	(14,394,183)	(70,516)	(69,325)
Provisions	21,747,859	5,061,298	21,653,658	4,902,583
Unabsorbed business losses	1,667,086	1,525,999	–	386,387
Unutilised capital allowances	5,543,598	9,821,969	–	–
Others	(245,605)	(390,386)	(264,446)	(392,528)
	18,913,491	1,624,697	21,318,696	4,827,117

### 28. EARNINGS PER SHARE

#### Basic EPS

The basic earnings per share ("EPS") has been calculated by dividing the Group's profit for the financial period/year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year:-

	2023 RM	Group 2022 RM
Profit attributable to ordinary equity holders of the Company	24,502,831	23,653,446
Weighted average number of ordinary shares	705,385,513	619,655,268
Basic EPS (sen)	3.47	3.82

#### Diluted EPS

The diluted EPS has been calculated by the dividing the Group's profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of shares that would have been in issue upon the fulfilment of the conditions in relation to the acquisitions of subsidiaries in Note 6 to the financial statements.

	2023 RM	Group 2022 RM
Profit attributable to ordinary equity holders of the Company	24,502,831	23,653,446
Weighted average number of ordinary shares	705,385,513	619,655,268
Effect of issuance of share capital upon fulfilment of the condition on acquisition of subsidiary (Note 6)	20,000,000	75,000,000
Total weighted average number of shares	725,385,513	694,655,268
Diluted EPS (sen)	3.38	3.41

## Notes to the Financial Statements (cont'd)

### 29. RELATED PARTY DISCLOSURES

#### Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company are as follows:-

	Company	
	2023 RM	2022 RM
<b>Transactions with subsidiaries</b>		
Sales of goods and services	47,392,846	18,370,634
Technical service income	1,257,677	2,601,000

#### Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The compensation of Directors and other members of key management personnel during the financial year are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries and other emoluments	2,849,906	5,144,615	–	–
Directors fee	96,000	96,000	96,000	96,000
Defined contribution plans	198,848	205,651	–	–
	3,144,754	5,446,266	96,000	96,000

## Notes to the Financial Statements (cont'd)

### 30. OPERATING SEGMENTS

#### (a) Business segments

For the management purposes, the Group is organised into business units based on its products and services, which comprises the following:-

EDM Infrastructure Technology	Provision of EDM infrastructure technology which comprises both hardware and software. EDM hardware refers to computer component used to record, store and retain digital data while EDM software supports the process of data backup, storage, recovery and restoration.
EDM Managed Services	Comprehensive service provided for data assurance and operational continuity. The EDM managed services comprise the backup, storage, recovery and restoration of enterprise data, health checks, capacity planning, remote monitoring and disaster recovery services.
Investment holding and others	Provision for funding and investment related services, provision for administrative support services and licensing fee charged to subsidiaries for research and development costs incurred.

Management monitors operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements  
(cont'd)

## 30. OPERATING SEGMENTS (CONT'D)

## (a) Business segments (Cont'd)

2023	Note	EDM Infrastructure Technology RM	EDM Managed Services RM	Investment holding and others RM	Total RM	Elimination/ Adjustment RM	Consolidated financial statements RM
<b>Group revenue:</b>							
External customers		250,866,646	63,371,747	–	314,238,393	–	314,238,393
Inter-segment	i	68,241,386	2,427,095	1,257,677	71,926,158	(71,926,158)	–
Total revenue		319,108,032	65,798,842	1,257,677	386,164,551	(71,926,158)	314,238,393
Depreciation and amortisation		(15,135,837)	(7,015,641)	(3,344,463)	(25,495,941)	–	(25,495,941)
Interest income		621,970	49,098	1,064	672,132	(171,549)	500,583
Finance cost		(2,075,956)	(754,893)	(7,542)	(2,838,391)	171,549	(2,666,842)
Tax expense		(3,560,590)	(1,114,403)	(35,188)	(4,710,181)	–	(4,710,181)
Other non-cash expenses	ii	(750,589)	(553,316)	(17,432,638)	(18,736,543)	17,728,617	(1,007,926)
Segment profit/(loss)	iii	26,202,900	7,060,794	(19,647,879)	13,615,815	17,763,456	31,379,271
<b>Assets:</b>							
Additions to non-current assets	iv	20,163,431	16,028,536	–	36,191,967	–	36,191,967
Segment assets		273,914,192	68,699,597	316,612,718	659,226,507	(108,087,510)	551,138,997
<b>Liabilities:</b>							
Segment liabilities		170,946,600	50,463,628	15,380,119	236,790,347	(66,184,243)	170,606,104

Notes to the Financial Statements  
(cont'd)

## 30. OPERATING SEGMENTS (CONT'D)

## (a) Business segments (Cont'd)

	Note	EDM Infrastructure Technology RM	EDM Managed Services RM	Investment holding and others RM	Total RM	Elimination/ Adjustment RM	Consolidated financial statements RM
<b>2022</b>							
<b>Group revenue:</b>							
External customers		255,340,833	52,669,421	–	308,010,254	–	308,010,254
Inter-segment	i	62,461,642	899,687	2,601,000	65,962,329	(65,962,329)	–
Total revenue		317,802,475	53,569,108	2,601,000	373,972,583	(65,962,329)	308,010,254
Depreciation and amortisation		(11,805,537)	(5,244,676)	(596,386)	(17,646,599)	–	(17,646,599)
Interest income		169,087	15,828	189,851	374,766	(137,655)	237,111
Finance cost		(1,199,709)	(357,143)	(8,588)	(1,565,440)	137,655	(1,427,785)
Tax expense		(3,781,367)	(1,021,704)	(43,748)	(4,846,819)	–	(4,846,819)
Share of results of an associate		–	–	(102,771)	(102,771)	–	(102,771)
Other non-cash expenses	ii	682,674	106,161	71,192	860,027	–	860,027
Segment profit/(loss)	iii	24,490,402	5,436,763	(3,017,271)	26,909,894	2,883,816	29,793,710
<b>Assets:</b>							
Additions to non-current assets	iv	17,357,437	9,190,169	–	26,547,606	–	26,547,606
Segment assets		294,514,065	59,003,818	337,972,763	691,490,646	(145,009,681)	546,480,965
<b>Liabilities:</b>							
Segment liabilities		195,067,151	54,927,086	52,971,292	302,965,529	(85,330,958)	217,634,571

## Notes to the Financial Statements (cont'd)

### 30. OPERATING SEGMENTS (CONT'D)

#### (a) Business segments (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- i. Inter-segment revenues are eliminated on consolidation.
- ii. Other material non-cash (expenses)/income consist of the following items:-

	2023 RM	Group 2022 RM
Gain on disposal of property, plant and equipment	65,936	3,947
Impairment loss on inventories	(123,561)	(132,423)
Impairment loss on receivables	(147,669)	(287,670)
Reversal of impairment loss on inventories	79,974	824,769
Reversal of impairment loss on receivables	208,083	1,090,665
Inventories written off	–	(151,950)
Unrealised (loss)/gain on foreign exchange	(1,033,108)	(487,311)
Property, plant and equipment written off	(57,581)	–
	(1,007,926)	860,027

- iii. The following items are added to/(deducted from) segment profit to arrive at “Profit after tax from continuing operations” presented in the consolidated statement of profit or loss and other comprehensive income:-

	2023 RM	Group 2022 RM
Segment profit	31,379,271	29,793,710
Interest income	500,583	237,111
Finance costs	(2,666,842)	(1,427,785)
Share of results of associate	–	(102,771)
Tax expense	(4,710,181)	(4,846,819)
	24,502,831	23,653,446

- iv. Additions to non-current assets consist of:-

	2023 RM	Group 2022 RM
Property, plant and equipment	36,191,967	26,547,606



## Notes to the Financial Statements (cont'd)

### 30. OPERATING SEGMENTS (CONT'D)

#### (b) Geographical segment

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

	Revenue		Group Non-current assets #	
	2023 RM	2022 RM	2023 RM	2022 RM
Singapore	106,820,568	90,425,738	139,795,224	122,250,745
China	87,178,686	65,568,202	146,670,584	147,155,153
Philippines	76,155,019	108,464,628	4,593,622	7,481,657
India	20,439,639	13,501,595	1,049,892	1,073,114
Hong Kong and Taiwan	16,730,806	20,444,890	41,539,756	41,938,519
Malaysia*	1,897,506	983,069	903,214	3,797,164
Others	5,016,169	8,622,132	364,516	405,766
	314,238,393	308,010,254	334,916,808	324,102,118

\* the Company's home country

# Non-current assets do not include deferred tax assets and financial instruments

#### Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2023 RM	2022 RM	
Customer A	–	47,356,756	EDM Infrastructure Technology
Customer B	50,073,601	–	EDM Infrastructure Technology
Customer C	25,231,415	32,370,863	EDM Infrastructure Technology
	29,436,059	18,789,054	EDM Managed Services
	54,667,474	51,159,917	

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS

#### A. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments as at 31 January 2023 categorised as follows:-

- (i) Financial assets at fair value through profit or loss (FVTPL)
- (ii) Amortised cost (AC)

	Carrying amount RM	FVTPL RM	AC RM
<b>Group</b>			
<b>2023</b>			
<b>Financial assets</b>			
Receivables	100,588,044	–	100,588,044
Other investment	3,112,487	3,112,487	–
Cash and bank balances	103,320,488	–	103,320,488
	207,021,019	3,112,487	203,908,532
<b>Financial liabilities</b>			
Payables	83,496,414	–	83,496,414
Lease liabilities	10,797,252	–	10,797,252
Borrowings	38,073,048	–	38,073,048
	132,366,714	–	132,366,714
<b>2022</b>			
<b>Financial assets</b>			
Receivables	65,746,321	–	65,746,321
Other investment	5,018,115	5,018,115	–
Cash and bank balances	112,560,864	–	112,560,864
	183,325,300	5,018,115	178,307,185
<b>Financial liabilities</b>			
Payables	127,459,552	–	127,459,552
Lease liabilities	14,860,637	–	14,860,637
Borrowings	28,359,643	–	28,359,643
	170,679,832	–	170,679,832

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### A. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments as at 31 January 2023 categorised as follows:-

- (i) Financial assets at fair value through profit or loss (FVTPL)
- (ii) Amortised cost (AC)

	Carrying amount RM	FVTPL RM	AC RM
<b>Company</b>			
<b>2023</b>			
<b>Financial assets</b>			
Receivables	2,012,200	–	2,012,200
Amount due from subsidiaries	12,292,916	–	12,292,916
Other investment	3,112,487	3,112,487	–
Cash and bank balances	1,226,496	–	1,226,496
	18,644,099	3,112,487	15,531,612
<b>Financial liabilities</b>			
Payables	13,961,587	–	13,961,587
Lease liability	382,167	–	382,167
	14,343,754	–	14,343,754
<b>2022</b>			
<b>Financial assets</b>			
Receivables	2,915,859	–	2,915,859
Amount due from subsidiaries	25,271,685	–	25,271,685
Other investment	5,018,115	5,018,115	–
Cash and bank balances	1,939,336	–	1,939,336
	34,144,995	5,018,115	30,126,880
<b>Financial liabilities</b>			
Payables	51,332,359	–	51,332,359
Lease liability	43,269	–	43,269
	51,375,628	–	51,375,628

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### A. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Net gains/(losses) arising on:</b>				
<u>Financial assets measured at</u>				
<u>amortised cost</u>				
Dividend income	7,943	112,737	7,943	112,737
Interest income	500,583	237,111	1,064	189,851
Impairment loss on receivables	(147,669)	(287,670)	–	–
Impairment loss on amount due from subsidiaries	–	–	(22,125,402)	(4,900,202)
Reversal of impairment loss on receivables	208,083	1,090,665	–	–
Reversal of impairment loss on amount due from subsidiaries	–	–	4,900,202	1,968,252
Unrealised (loss)/gain on foreign exchange	(1,033,108)	(487,311)	(207,438)	71,192
Realised gain/(loss) on foreign exchange	1,029,037	916,645	1,449,303	(380,835)
<u>Financial liabilities measured at</u>				
<u>amortised cost</u>				
Interest expense	(2,666,842)	(1,427,785)	(15,083)	(8,587)
	(2,101,973)	154,392	(15,989,411)	(2,947,592)

#### B. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### B. FINANCIAL RISK MANAGEMENT (CONT'D)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

##### (a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exist when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:-

##### ***Trade receivables and contract assets***

The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. The Group's and the Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions.

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### B. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (a) Credit risk (Cont'd)

##### *Trade receivables and contract assets (Cont'd)*

The maximum exposure to credit risk arising from trade receivable and contract assets are limited to the carrying amounts in the statement of financial position.

The Group and the Company have provided for expected credit losses of RM147,669 and RM22,125,402 (2022: RM287,670 and RM4,900,202) respectively.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:-

	Expected credit loss rate	Estimated total gross carrying amount RM	Expected credit loss RM
<b>Group</b>			
<b><u>2023</u></b>			
Within credit terms	0.04%	58,143,556	12,794
Past due 0-30 days	0.26%	14,659,360	32,828
Past due 31-60 days	1.71%	8,153,211	4,735
Past due 61-90 days	0.43%	1,813,720	3,878
Past due more than 91 days	19.27%	899,487	163,404
		83,669,334	217,639
<b><u>2022</u></b>			
Within credit terms	0.62%	30,595,918	68,377
Past due 0-30 days	0.69%	19,058,643	76,008
Past due 31-60 days	2.62%	2,562,266	61,542
Past due 61-90 days	5.47%	960,989	52,517
Past due more than 91 days	2.37%	1,328,850	31,530
		54,506,666	289,974

##### *Cash and cash equivalents*

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### B. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (a) Credit risk (Cont'd)

###### *Intercompany loans and advances*

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company provide unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

As at the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

###### *Financial guarantee*

The Company provides secured financial guarantees to banks in respect of banking facilities granted to companies in which Directors have interests.

The Company monitors on an ongoing basis the repayments made by those companies and their financial performance.

The Group's and the Company's maximum exposure to credit risk amounts to RM48,022,515 (2022: RM41,342,900) and RM32,915,200 (2022: RM34,312,230) representing the outstanding credit facilities to banks of those subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that those companies would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the borrowing in view of the securities pledged by those companies and it is unlikely those companies will default within the guarantee period.

##### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due as a result of shortage of funds.

The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings and they maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure it has sufficient liquidity to meet their obligations when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping sources of committed and uncommitted credit facilities from various banks.

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### B. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (b) Liquidity risk (Cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as below:-

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Later than 1 year but not later than 5 years RM
<b>Group</b>				
<b>2023</b>				
Payables	83,496,414	83,496,414	83,496,414	–
Lease liabilities	10,797,252	11,848,605	4,822,810	7,025,795
Borrowings	38,073,048	39,300,486	32,334,009	6,966,477
	132,366,714	134,645,505	120,653,233	13,992,272
Financial guarantee	–	48,022,515	35,131,705	12,890,810
<b>2022</b>				
Payables	127,459,552	127,459,552	127,459,552	–
Lease liabilities	14,860,637	16,539,276	7,034,016	9,505,260
Borrowings	28,359,643	28,461,413	28,461,413	–
	170,679,832	172,460,241	162,954,981	9,505,260
Financial guarantee	–	41,342,900	33,038,396	8,304,504
<b>Company</b>				
<b>2023</b>				
Payables	13,961,587	13,961,587	13,961,587	–
Lease liabilities	382,167	427,833	193,605	234,228
	14,343,754	14,389,420	14,155,192	234,228
Financial guarantee	–	32,915,200	20,024,390	12,890,810
<b>2022</b>				
Payables	51,332,359	51,332,359	51,332,359	–
Lease liabilities	43,269	45,000	45,000	–
	51,375,628	51,377,359	51,377,359	–
Financial guarantee	–	34,312,230	26,418,180	7,894,050



## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### B. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk on sales, purchases and investments that are denominated in a currency other than the respective functional currencies of the Group and of the Company. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Philippines Peso ("PHP") and Chinese Yuan ("CNY").

##### *Foreign currency sensitivity analysis*

The following table demonstrates the sensitivity of the Group's and of the Company's profit for the financial year to a 5% (2022: 5%) change in the USD, SGD, PHP and CNY exchange rates at the reporting period against the respective functional currency of the companies within the Group and the Company, with all variables held constant.

	<b>Profit for the year</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
USD/RM		
- Strengthened	(1,543,136)	(1,402,807)
- Weakened	1,543,136	1,402,807
SGD/RM		
- Strengthened	410,447	194,376
- Weakened	(410,447)	(194,376)
PHP/RM		
- Strengthened	108,379	803,368
- Weakened	(108,379)	(803,368)
CNY/RM		
- Strengthened	2,433,254	932,658
- Weakened	(2,433,254)	(932,658)
<b>Company</b>		
USD/RM		
- Strengthened	409,448	488,392
- Weakened	(409,448)	(488,392)
SGD/RM		
- Strengthened	7,422	44,124
- Weakened	(7,422)	(44,124)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and of the Company's exposure to currency risk.

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### B. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of change in market interest rates.

Although the debts are fixed borrowings, there is an inherent risk in stating their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Fixed rate instrument</b>				
Lease liabilities	10,797,252	14,860,637	382,167	43,269
<b>Floating rate instrument</b>				
Borrowings	38,073,048	28,359,643	–	–

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

A change in 5% in interest rates at the end of the reporting period would have increased/(decreased) profit for the year/period by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/(Decrease) Profit for the year	
	+ 5% RM	- 5% RM
<b>Group</b>		
<b>2023</b>		
Floating rate instruments	(1,446,776)	1,446,776
<b>2022</b>		
Floating rate instruments	(1,077,666)	1,077,666

## Notes to the Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### C. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of short-term receivables and payables, cash and cash equivalents, except for borrowings and finance lease liabilities, approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

### 32. CAPITAL MANAGEMENT

The Group manages its capital to ensure the Group will maintain an optimal capital structure so as to support the businesses and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2023 RM	Group 2022 RM
Financial liabilities	132,366,714	170,679,832
Less: Cash and cash equivalents	(106,432,975)	(117,578,979)
Net debt	25,933,739	53,100,853
Total equity attributable to the owners of the Company	416,724,860	355,394,000
Debt-to-equity ratio	0.06	0.15

Under the requirement of Bursa Malaysia Guidance Notes 3, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital. The Company has complied with this requirement.

### 33. EVENTS SUBSEQUENT TO FINANCIAL YEAR END

- (i) On 14 April 2023, the Company granted 2,000,000 new ordinary shares at issue price of RM0.585 for a total consideration of RM1,170,000 pursuant to the share grant plan to the eligible Executive Director and employee of the Company.
- (ii) On 26 April 2023, the Company proposed bonus issue of up to 148,068,883 new ordinary shares on the basis of 1 bonus share for every 5 existing shares held on an entitlement date. The proposal has been approved by Bursa Securities on 26 May 2023.
- (iii) On 26 April 2023, the Company proposed bonus issue of up to 148,068,883 new warrants on the basis of 1 warrant for every 5 existing shares held on an entitlement date. The proposal has been approved by Bursa Securities on 26 May 2023.
- (iv) On 28 April 2023, the Company issued 20,000,000 new ordinary shares at issue price of RM0.68 for a total consideration of RM13,600,000 pursuant to the acquisition of subsidiary as disclosed in Note 6 to the financial statements.

# ANALYSIS OF SHAREHOLDINGS

AS AT 2 MAY 2023

Total number of issued shares	:	740,344,417 ordinary shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One vote for every share held

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No of Holders	%	No. of Shares	%
Less than 100 shares	28	0.28	383	0.00
100 - 1,000 shares	986	9.82	606,873	0.08
1,001 - 10,000 shares	5,140	51.21	30,109,502	4.07
10,001 - 100,000 shares	3,385	33.72	112,912,500	15.25
100,001 – less than 5% of issued Shares	498	4.96	299,141,100	40.41
5% and above of issued Shares	1	0.01	297,574,059	40.19
<b>Total</b>	<b>10,038</b>	<b>100.00</b>	<b>740,344,417</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Jeck Min	99,637,105	13.46	–	–
Desert Streams Investments Limited	85,565,754	11.56	–	–
Quantum Storage (India) Limited	40,000,000	5.40	–	–
Edmond Tay Nam Hiong	1,760,000	0.24	40,000,000 <sup>(1)</sup>	5.40

### Note:

<sup>(1)</sup> Deemed interest by virtue of his shareholdings in Quantum Storage (India) Limited pursuant to Section 8 of the Companies Act 2016.

## DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Jeck Min	99,637,105	13.46	–	–
Edmond Tay Nam Hiong	1,760,000	0.24	40,000,000 <sup>(1)</sup>	5.40
Geoffrey Ng Ching Fung	–	–	–	–
John Chin Shoo Ted	–	–	–	–
Kok Cheang-hung	21,000	Negligible	–	–
Lai Ching Thing	–	–	–	–

(Appointed on 2 May 2023)

### Note:

<sup>(1)</sup> Deemed interest by virtue of his shareholdings in Quantum Storage (India) Limited pursuant to Section 8 of the Companies Act 2016.

## Analysis of Shareholdings (cont'd)

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 2 MAY 2023

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An for OCBC Securities Private Limited (Clients A/C-NR)</i>	297,574,059	40.19
2.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Icapital.biz Berhad</i>	31,112,400	4.20
3.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Trustees Berhad for Dana Makmur PHEIM (211901)</i>	17,330,500	2.34
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (PHEIM)</i>	16,176,200	2.18
5.	HSBC Nominees (Asing) Sdn. Bhd. <i>Societe Generale Paris</i>	14,747,700	1.99
6.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An For DBS Bank Ltd. (SFS)</i>	11,314,000	1.53
7.	Citigroup Nominees (Asing) Sdn. Bhd. <i>CEP For PHEIM SICAV-SIF</i>	5,513,800	0.74
8.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Cheng Chew Giap (6000179)</i>	5,174,600	0.70
9.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Keng Thye</i>	5,015,700	0.68
10.	Lim Kooi Fui	4,754,400	0.64
11.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Young Chuan Kim (E-KTU)</i>	4,000,000	0.54
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Keng Thye (6000009)</i>	3,960,200	0.53
13.	Wong Shung Yen	3,288,900	0.44
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koh Kin Lip (MY0502)</i>	3,010,000	0.41
15.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	2,810,000	0.38
16.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Choon Hee (E-TCS)</i>	2,571,600	0.35
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Wee Yien (6000828)</i>	2,433,900	0.33
18.	Tan Han Wooi	2,202,800	0.30
19.	Muhamad Aloysius Heng	2,010,000	0.27
20.	Chin Yat Yin	2,000,000	0.27
21.	Lim Kooi Fui	1,990,000	0.27
22.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kelly Liew Chee Kwong (7004027)</i>	1,900,000	0.26
23.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Capital Dynamics Asset Management Sdn. Bhd. for KESM Industries Berhad (CDAM30-990472)</i>	1,810,000	0.24
24.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pheim Asset Management Sdn. Bhd. for Azman Bin Hashim (A/C238-754326)</i>	1,803,900	0.24
25.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Exempt An for Aham Asset Management Berhad (TSTAC/CLNTT)</i>	1,587,000	0.21
26.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Trustees Berhad for Pheim Asia Ex-Japan Islamic Fund</i>	1,584,900	0.21
27.	Tey Chai Hock	1,560,000	0.21
28.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for DBS Bank Ltd (SFS)</i>	1,547,000	0.21
29.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Capital Dynamics Asset Management Sdn. Bhd. for Chieng Lee Hook (CDAM46-230153)</i>	1,515,000	0.20
30.	Darren Lau Hui Lee	1,500,000	0.20

# NOTICE OF NINTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Ninth Annual General Meeting (“9th AGM” or “Meeting”) of **KRONOLOGI ASIA BERHAD** (“Kronologi” or “the Company”) will be held at Ballroom B, Level 2, Aloft Kuala Lumpur Sentral, No. 5 Jalan Stesen Sentral, 50470 Kuala Lumpur on Monday, 10 July 2023 at 3.30 p.m. or at any adjournment thereof, to transact the following businesses:-

## AGENDA

### AS ORDINARY BUSINESS:

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 January 2023 together with the Reports of the Directors and Auditors thereon.  | <i>Please refer to<br/>Explanatory Note 1</i> |
| 2. | To approve the payment of Directors’ fees and benefits of up to RM600,000 for the period commencing from the date immediately after this 9th AGM until the date of the next Annual General Meeting (“AGM”) of the Company. | <b>Ordinary Resolution 1</b>                  |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:-   |   |
|    | i. Mr. Tan Jeck Min  | <b>Ordinary Resolution 2</b>                  |
|    | ii. Mr. Kok Cheang-hung  | <b>Ordinary Resolution 3</b>                  |
| 4. | To re-elect Ms. Lai Ching Thing who retires pursuant to Clause 91 of the Company’s Constitution.   | <b>Ordinary Resolution 4</b>                  |
| 5. | To re-appoint PKF PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 5</b>                  |

### AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

- |    |   |                              |
|----|---|------------------------------|
| 6. | <b>RETENTION OF SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR</b>   | <b>Ordinary Resolution 6</b> |
|    | “THAT Mr. John Chin Shoo Ted who has served as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as the Senior Independent Non-Executive Director of the Company.”  |                              |
| 7. | <b>GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)</b>   | <b>Ordinary Resolution 7</b> |
|    | “THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, 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 does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time (“the Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier. |                              |

## Notice of Ninth Annual General Meeting (cont'd)

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

8. **PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

**Ordinary Resolution 8**

"THAT subject to the provisions of the Act, the provisions of the Constitution of the Company, the AMLR of Bursa Securities and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company ("Directors"), to the extent permitted by law, to purchase and/or hold such number of ordinary shares of the Company ("Kronologi Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:-

- (i) the maximum aggregate number of Kronologi Shares which may be purchased and/or held as treasury shares does not exceed ten per centum (10%) of the total number of issued shares in the Company at any point in time subject to compliance with the provisions of the Act, the AMLR of Bursa Securities and/or any other relevant authorities;
- (ii) the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company; and
- (iii) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:-
  - (a) the conclusion of the next AGM of Kronologi following the general meeting at which this resolution is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
  - (b) the expiration of the period within the next AGM is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Kronologi Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities.

## Notice of Ninth Annual General Meeting (cont'd)

THAT the Directors be and are hereby authorised to deal with the Kronologi Shares purchased under the Proposed Renewal of Share Buy-Back Authority, at their discretion, in the following manners:-

- (i) cancel the purchased Kronologi Shares; or
- (ii) retain the purchased Kronologi Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell in accordance with the relevant rules of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; or
- (iii) retain part of the purchased Kronologi Shares as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Kronologi Shares."

9. **PROPOSED BONUS ISSUE OF UP TO 148,068,883 NEW ORDINARY SHARES IN KRONOLOGI ("KRONOLOGI SHARES") ("BONUS SHARES") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 5 EXISTING KRONOLOGI SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE OF SHARES")**

***Ordinary Resolution 9***

"THAT subject to the approvals of all relevant authorities and/or parties (where applicable) including the approval from Bursa Securities for the listing and quotation of the Bonus Shares on the ACE Market of Bursa Securities, authority be and is hereby given to the Board of Directors of the Company ("Board") to issue up to 148,068,883 Bonus Shares on the basis of 1 Bonus Share for every 5 existing Kronologi Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the date to be determined and announced later by the Board ("Entitlement Date");

THAT the Bonus Shares in respect of the Proposed Bonus Issue of Shares shall be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves;

THAT the Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Kronologi Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which precedes the date of allotment and issuance of the Bonus Shares;

THAT the Board be and is hereby authorised to deal with fractional entitlements (if any), including disregarding any fractional entitlements, under the Proposed Bonus Issue of Shares, in such manner at its absolute discretion as the Board may deem fit and expedient, and in the best interests of the Company;



## Notice of Ninth Annual General Meeting (cont'd)

AND THAT the Board be and is hereby authorised to sign and execute all documents and to take all such necessary steps to give effect to the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares.”

10. **PROPOSED BONUS ISSUE OF UP TO 148,068,883 NEW WARRANTS IN KRONOLOGI (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 5 EXISTING KRONOLOGI SHARES HELD BY THE ENTITLED SHAREHOLDERS OF KRONOLOGI ON THE ENTITLEMENT DATE (“PROPOSED BONUS ISSUE OF WARRANTS”)**

*Ordinary Resolution 10*

“THAT subject to the approval of all relevant authorities and/or parties (where applicable) including the approval from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities and the listing and quotation of the Warrants as well as the new Kronologi Shares to be allotted and issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities, the Board of Directors of the Company (“Board”) is hereby authorised to issue up to 148,068,883 Warrants, on the basis of 1 Warrant for every 5 Kronologi Shares held by the Entitled Shareholders on the Entitlement Date;

THAT the Board be and is hereby authorised to fix the exercise price of the Warrants on the basis and manner set out in the circular to shareholders of the Company dated 31 May 2023 (“Circular”);

THAT any one of the Directors be and is hereby authorised to enter into and execute a deed poll constituting the Warrants (“Deed Poll”) and to do all acts, deeds and things as he may deem fit or expedient, in order to implement, finalise and give full effect to the Deed Poll;

THAT fractional entitlements of the Warrants that may arise from the Proposed Bonus Issue of Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit and expedient, and in the best interest of the Company;

THAT approval be and is hereby given to the Board to allot and issue such appropriate number of new Kronologi Shares, credited as fully paid-up, to the holder(s) of the Warrants arising from the exercise of the Warrants, if any, by the warrant holders and where required, to adjust the exercise price and/ or the number of Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments in accordance with the provisions of the Deed Poll;

THAT the new Kronologi Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Kronologi Shares, save and except that the new Kronologi Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the new Kronologi Shares;

## Notice of Ninth Annual General Meeting (cont'd)

THAT the proceeds raised from the exercise of Warrants, if any, be utilised for the purposes set out in the Circular and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required);

AND THAT the Board be and is hereby authorised to take all necessary steps to give effect to the Proposed Bonus Issue of Warrants with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to Proposed Bonus Issue of Warrants."

### 11. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

*Special Resolution*

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

12. To transact any other business of which due notice shall have been given.

By order of the Board

**TEA SOR HUA (MACS 01324) (CCM PC No.: 201908001272)**  
**LEE SIEW FUN (MAICSA 7063623) (CCM PC No.: 202008000735)**  
 Company Secretaries

Petaling Jaya, Selangor Darul Ehsan  
 31 May 2023

### Notes:

- a) A member who is entitled to attend, participate, speak and vote at the 9th AGM shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- c) 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 its common seal or signed by an officer or attorney duly authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

## Notice of Ninth Annual General Meeting (cont'd)

- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) To be valid, the instrument appointing a proxy may be made in a hard copy form or by an electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
  - (ii) By electronic form

The proxy form can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of proxy form via TIIH Online.
- g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company’s Constitution to issue a General Meeting Record of Depositors as at 3 July 2023. Only members whose names appear in the General Meeting Record of Depositors as at 3 July 2023 shall be regarded as members and entitled to attend, participate, speak and vote at the 9th AGM.
- h) All the resolutions as set out in this Notice of Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 9th AGM at short notice. Kindly check Bursa Securities’ and Company’s website at [www.kronologi.asia](http://www.kronologi.asia) for the latest updates on the status of the Meeting.

### **EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS**

#### **1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 January 2023**

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

#### **2. Item 2 of the Agenda – Directors’ Fees and Benefits**

Pursuant to Section 230(1) of the Act, the directors’ fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors’ fees and benefits for the period commencing from the date immediately after this 9th AGM until the date of the next AGM of the Company.

In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

## Notice of Ninth Annual General Meeting (cont'd)

### 3. Item 3 and 4 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of five (5) Directors of the Company are to retire in accordance with Clause 85 of the Company's Constitution.

Clause 91 of the Company's Constitution provides that any Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Mr. Tan Jeck Min and Mr. Kok Cheang-hung who were appointed to the Board on 19 October 2015 and 2 November 2017 respectively, will retire in accordance with Clause 85 of the Company's Constitution whereas Ms. Lai Ching Thing who was appointed on 2 May 2023 will retire in accordance with Clause 91 of the Company's Constitution. All the retiring Directors being eligible, have offered themselves for re-election at the 9th AGM.

The Board has endorsed the Nomination Committee's recommendation to seek shareholders' approval to re-elect the abovementioned retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the retiring Directors are provided in the Directors' Profile on Pages 29 to 34 of the Company's Annual Report 2023.

### 4. Item 6 of the Agenda - Retention of Independent Non-Executive Director

The Board had assessed the independence of Mr. John Chin Shoo Ted, who has served as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Directors is satisfied that he had met the independence and recommended him to continue to act as the Senior Independent Non-Executive Director of the Company based on the following reasons:-

- (a) he has declared and confirmed that he fulfilled the criteria under the definition of Independent Director as set out in Rule 1 of the AMLR of Bursa Securities;
- (b) he has vast experience in his industry which could provide the Board with a diverse set of experience, expertise and independent judgement;
- (c) he has good knowledge of the Group's business operations;
- (d) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- (e) he has exercised due care during his tenure as Senior Independent Non-Executive Director of the Company and carried out his duties in the best interest of the Company and shareholders of the Company.

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the retention of Mr. John Chin Shoo Ted as the Senior Independent Non-Executive Director of the Company are subject to the shareholders' approval through a two-tier voting process.

## Notice of Ninth Annual General Meeting (cont'd)

### **5. Item 7 of the Agenda – General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act**

The Company had at its Eighth AGM held on 22 June 2022 ("8th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, 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 does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time.

The Ordinary Resolution 7 proposed under item 7 of the Agenda, is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company (10% General Mandate) for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the General Mandate granted to the Directors at the 8th AGM which will lapse at the conclusion of the 9th AGM.

### **6. Item 8 of the Agenda – Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution 8 proposed under item 8 of the Agenda is to renew the shareholders' mandate for the share buy-back by the Company. The said proposed renewal of shareholders' mandate will empower the Directors to buy-back and/or hold up to a maximum of ten per centum (10%) of the Company's total number of issued shares at any point of time, by utilising the amount allocated which shall not exceed the total retained profits of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

Please refer to the Share Buy-Back Statement dated 31 May 2023 contained in the Company's Annual Report 2023 for further details.

## Notice of Ninth Annual General Meeting (cont'd)

### 7. Item 9 of the Agenda – Proposed Bonus Issue of Shares

The Proposed Bonus Issue of Shares, if passed, will allow the Board of Directors to issue an amount up to 148,068,883 Bonus Shares on the basis of 1 Bonus Share for every 5 existing Kronologi Shares held by the shareholders of the Company.

The Proposed Bonus Issue of Shares is for the following purposes:-

- (a) will enable the shareholders of Kronologi to have greater participation in the equity of the Company in the terms of number of Kronologi Shares held, whilst maintaining their percentage of equity interest;
- (b) is expected to enhance the marketability and trading liquidity of Kronologi Shares on the ACE Market of Bursa Securities, thereby providing an opportunity for greater participation from a broader range of investors; and
- (c) will maintain the Company's reserves and total net assets of the Company as the Proposed Bonus Issue of Shares will be implemented without capitalization of the Company's reserves.

Please refer to the Circular to Shareholders dated 31 May 2023 for further information.

### 8. Item 10 of the Agenda – Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants, if passed, will allow the Board of Directors to issue up to 148,068,883 Warrants, on the basis of 1 Warrant for every 5 Kronologi Shares held by the Shareholders.

The Proposed Bonus Issue of Warrants is for the following purposes:-

- (a) will enable the shareholders of Kronologi to own convertible securities in the Company, which are tradable on Bursa Securities, without incurring any cost;
- (b) will provide the shareholders of Kronologi with an opportunity to further increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants;
- (c) will allow the shareholders of Kronologi to benefit from any potential capital appreciation of the Warrants; and
- (d) will provide the Company with additional working capital as and when the Warrants are exercised without incurring interest costs as compared to conventional bank borrowings.

Please refer to the Circular to Shareholders dated 31 May 2023 for further information.

### 9. Item 11 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

## APPENDIX A

### PROPOSED AMENDMENTS TO THE CONSTITUTION OF KRONOLOGI ASIA BERHAD (“THE COMPANY”)

This is Appendix A referred to in Agenda 11 of the Notice of Ninth Annual General Meeting (“9th AGM”) of the Company dated 31 May 2023.

**Day, Date and time of the 9th AGM** : Monday, 10 July 2023 at 3.30 p.m.  
**Venue** : Ballroom B, Level 2, Aloft Kuala Lumpur Sentral,  
 No. 5 Jalan Stesen Sentral, 50470 Kuala Lumpur

Clause No.	Existing Clause	Proposed Clause
54 <i>Offer of new Shares</i>	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Director shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.

Appendix A  
(cont'd)

Clause No.	Existing Clause	Proposed Clause
		<p>For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible securities in proportion to the shareholdings of the existing Members.</p>
125A  <i>Validity of Electronic / Digital Signature</i>	New provision	<p>For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:-</p> <ul style="list-style-type: none"> <li>(a) a holder of Shares;</li> <li>(b) a Director (including Alternate Director);</li> <li>(c) a committee member;</li> <li>(d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative,</li> </ul> <p>shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.</p>



# SHARE BUY-BACK STATEMENT

## THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement as it is exempt document pursuant to Guidance Note 22 of ACE Market Listing Requirements of Bursa Securities.

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:-

"Act"	:	The Companies Act 2016 as may be amended, modified or re-enacted
"AGM" or "9th AGM"	:	Annual General Meeting or Ninth Annual General Meeting
"Annual Report 2023"	:	Annual Report of Kronologi for the financial year ended 31 January 2023
"Board"	:	The Board of Directors of Kronologi
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
"Code"	:	Malaysian Code on Take-Overs and Mergers 2016, including any amendment that may be made from time to time
"Director(s)"	:	Director(s) of Kronologi or its subsidiaries (as the case may be)
"EPS"	:	Earnings per Share
"FY"	:	Financial year
"Kronologi" or the "Company"	:	Kronologi Asia Berhad [Registration No. 201301037868 (1067697-K)]
"Kronologi Group" or the "Group"	:	Kronologi and its subsidiary companies, collectively
"Kronologi Share(s)" or "Share(s)"	:	Ordinary share(s) in Kronologi
"AMLR"	:	ACE Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
"LPD"	:	2 May 2023, being the latest practicable date prior to the printing of this Statement
"Major Shareholder"	:	<p>A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:</p> <p>(a) Ten per centum (10%) or more of the total number of voting shares in the Company; or</p> <p>(b) Five per centum (5%) or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.</p> <p>For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act.</p>
"Minister"	:	Minister charged with the responsibility for companies pursuant to Section 2 of the Act.
"NA"	:	Net assets

## Share Buy-Back Statement (cont'd)

### DEFINITIONS (CONT'D)

"Person(s) Connected"	:	Person(s) connected as defined in Rule 1.01 of the AMLR
"Proposed Renewal of Share Buy-Back Authority"	:	Proposed renewal of authority for the Company to purchase its own Shares of up to ten per centum (10%) of the total number of issued Shares of Kronologi
"Purchased Share(s)"	:	Kronologi Share(s) that are purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
"Record of Depositors"	:	A record consisting of names of depositors provided by Bursa Depository under the Rules of Bursa Depository
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Rules"	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions as may be amended, modified or re-enacted from time to time
"Statement"	:	The share buy-back statement dated 31 May 2023 in relation to the Proposed Renewal of Share Buy-Back Authority
"Treasury shares"	:	Has the meaning given in Section 127(4) of the Act

All references to "we", "us", "our" and "ourselves" mean our Company, or where the context requires, our Group. All references to "you" in this Statement mean the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), is due to rounding.

### 1. INTRODUCTION

At the Eighth AGM held on 22 June 2022, our shareholders had approved, amongst others, the renewal of authority for the Company to undertake a share buy-back of up to ten per centum (10%) of the total number of issued shares of the Company through Bursa Securities at any point in time subject to the compliance of the Act, rules and regulations made pursuant to the Act, the provisions of the Company's Constitution and the AMLR of Bursa Securities and any other relevant authority ("Existing Authority"). The Existing Authority will expire at the conclusion of the forthcoming 9th AGM of the Company scheduled to be held on 10 July 2023.

On 26 May 2023, the Board announced the Company's intention to seek the approval of the shareholders of Kronologi for the Proposed Renewal of Share Buy-Back Authority by way of an ordinary resolution at the forthcoming 9th AGM.

The purpose of this statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back Authority, together with the recommendation of the board to seek your approval for the ordinary resolution to be tabled at the forthcoming 9th AGM. The notice of the 9th AGM is set out in the Annual Report 2023, the extract of which is enclosed in this Statement.

## Share Buy-Back Statement (cont'd)

### 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Board proposes to seek approval from the shareholders for the renewal of the authority for the Company to purchase the Company's own shares of up to ten per centum (10%) of the total number of issued shares of the Company.

The Proposed Renewal of Share Buy-Back Authority is subject to compliance with the Act, the AMLR, any prevailing laws and/or any other relevant authorities at the time of purchase.

Pursuant to Rule 12.07(3) of the AMLR, the approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming 9th AGM to be convened and shall be valid until:-

- i. the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii. the expiration of the period within the next AGM of the Company after the date it is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders at a general meeting of the Company, whichever occurs first.

#### 2.1 Maximum number or percentage of Kronologi Shares to be acquired

The maximum aggregate number of Kronologi Shares, which may be purchased by the Company, shall not exceed ten per centum (10%) of the total number of issued shares in the Company at any point in time subject to compliance with the provision of the Act, the AMLR and/or any other relevant authorities.

As at LPD, the total number of issued shares is 740,344,417 Shares. For illustration purposes, the maximum number of Kronologi Shares which may be purchased and/or held by the Company shall not be more than 74,034,442 Shares based on the total number of issued shares as at LPD, representing up to 10% of its issued shares as at the LPD.

The actual number of Kronologi Shares to be purchased and the timing of such purchase will depend on, amongst others, market conditions and sentiments, as well as the retained earnings and financial resources of the Company at the time of the purchase(s).

#### 2.2 Pricing

Pursuant to Rule 12.17 of the AMLR, the Company may only purchase Kronologi shares on Bursa Securities at a price which is not more than 15% above the weighted average market price ("WAMP") of Kronologi Shares for the five (5) market days immediately before the date of purchase(s).

In addition, pursuant to Rule 12.18 of the AMLR, provided that in the case of a resale or transfer of Treasury shares, the Company may only resell Treasury shares on Bursa Securities or transfer Treasury shares pursuant to Section 127(7) of the Act, at:-

- a) a price which is not less than the WAMP of Kronologi Shares for the five (5) market days immediately before the resale or transfer; or

## Share Buy-Back Statement (cont'd)

### 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

#### 2.2 Pricing (Cont'd)

- b) a discounted price of not more than five per centum (5%) to the WAMP of Kronologi Shares for the five (5) market days immediately before the resale or transfer provided that:-
  - i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - ii) the resale or transfer price is not less than the cost of purchase of Kronologi Shares being resold or transferred.

#### 2.3 Treatment of Purchased Shares

In accordance with Section 127(4) and (7) of the Act, the Directors may deal with the Purchased Shares, at their discretion, in the following manner:-

- a) to cancel the Purchased Shares; or
- b) to retain the Purchased Shares as Treasury shares; or
- c) to retain part of the Purchased Shares as Treasury shares and cancel the remainder.

Accordingly, based on Section 127(7) of the Act, where such Purchased Shares are held as Treasury shares, the Directors may, at their discretion:-

- a) distribute the Purchased Shares as dividends to shareholders, such dividends to be known as "shares dividends";
- b) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- c) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme;
- d) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- e) cancel the Purchased Shares or any of the Purchased Shares;
- f) sell, transfer or otherwise use the Purchase Shares for such other purposes as the Minister may by order prescribe; and/or
- g) in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities, and/or any other relevant authority for the time being in force.

In the event the Purchased Shares are held as Treasury shares, the rights attaching to them as to voting, dividends and participation in other distributions or otherwise, will be suspended and the Treasury shares will not be taken into account in calculating the number of percentage of Shares, or of a class of shares in the Company for any purpose including substantial shareholdings, takeovers, notices, requisitioning of meetings, a quorum for a meeting and result of a vote on the resolution(s) at a meeting.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Directors to either resell the Purchased Shares or cancel them.

## Share Buy-Back Statement (cont'd)

### 3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if implemented, will enable Kronologi to utilise any of its surplus financial resources, which are not immediately required for other uses, to purchase its own Shares from the open market. The Company will be able to purchase its own Shares when the Shares are being traded at values that are below what the Board believes to be their intrinsic value. This will enable the prices of Kronologi Shares traded on the ACE Market of the Bursa Securities to be stabilised and therefore better reflect its fundamentals.

If Kronologi Shares purchased are subsequently cancelled, the Proposed Renewal of Share Buy-Back Authority may strengthen the EPS of Kronologi. Consequently, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.

The Purchased Shares can also be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued shares of the Company. Should any Treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be exercised only after due consideration of the financial resources of Kronologi Group, and of the resultant impact on the shareholders of the Company. The Board in exercising any decision to buy-back any Kronologi Shares will be mindful of the interests of Kronologi and its shareholders.

### 4. FUNDING FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority may be funded through internally-generated funds and/or external borrowings as long as the purchase is backed by an equivalent amount of retained profits of our Company. As at the LPD, we have not determined the source of funding for the Proposed Renewal of Share Buy-Back Authority.

The actual amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority will only be determined later depending on the actual number of Kronologi Shares to be purchased, the availability of funds at the time of purchase(s) and other relevant costs factors.

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available. As at 31 January 2023, being the latest available audited financial statements, the audited accumulated losses of the Company were RM25,862,140.

The Proposed Renewal of Share Buy-Back Authority, if funded through internally generated funds, is not expected to have a material impact on the cash flow position of our Company. In the event the Proposed Renewal of Share Buy-Back Authority is to be financed by bank borrowings, our Company will ensure our capabilities of repaying such borrowings and that such repayment will not have a material effect on our cash flow position. In addition, the Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

### 5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- a. allows the Company to utilise its financial resources to enhance the value of shareholders' investments in the Company if there is no immediate use, to purchase the Kronologi Shares;

## Share Buy-Back Statement (cont'd)

### 5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

- b. allows the Company to take preventive measures against speculation particularly when its shares are undervalued, which would, in turn, stabilise its market price and hence, enhance investors' confidence;
- c. allows the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- d. allows the Company to utilise the Treasury shares as purchase consideration in corporate transactions thereby reducing the financial outflow and/or preserving the working capital of the Company;
- e. the Company may distribute any shares held as Treasury shares as share dividends to reward the shareholders of the Company; and
- f. the Company may realise potential gains from the resale of the Treasury shares, if the Purchased Shares which are retained as Treasury shares are resold at a higher price.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- i. the Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of Kronologi and may result in the Group foregoing other investment opportunities that may emerge in the future; and
- ii. as the Proposed Renewal of Share Buy-Back Authority can only be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

However, these disadvantages are mitigated by the prospect that the financial capacity of our Group may increase, if the Purchased Shares held as Treasury shares are resold at a higher price than their purchase price.

The Board, in exercising any decision on the purchase of Kronologi Shares pursuant to the Proposed Renewal of Share Buy-Back Authority and any subsequent resale of Treasury shares on the Bursa Securities, will be mindful of the interest of the Company and its shareholders.

### 6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

#### 6.1 Issued Share Capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury shares.

The Proposed Renewal of Share Buy-Back Authority will, however, result in the reduction of the issued share capital of the Company if the Purchased Shares are cancelled. Based on the issued share capital of the Company as at LPD, and assuming that the maximum number of Kronologi Shares (of up to ten per centum (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority is set out as follows:-

	No. of Ordinary Shares
Issued share capital of the Company as at LPD	740,344,417
Maximum number of purchased shares cancelled	(74,034,442)
Resultant total number of issued shares	666,309,975

## Share Buy-Back Statement (cont'd)

### 6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

#### 6.1 Issued Share Capital (Cont'd)

On the other hand, if Kronologi Shares purchased are retained as Treasury shares, resold or distributed to its shareholders, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the total number of issued shares of Kronologi.

#### 6.2 EPS

Where the Shares so purchased are cancelled, the EPS of the Group will increase. However, the increase in EPS will be affected to the extent of the reduction of the interest income arising from the funds utilised for the Purchased Shares or any increase in the interest expense arising from borrowings to fund the purchase. In the event that the Purchased Shares are treated as Treasury shares and subsequently sold, the EPS of the Group will increase where the Treasury shares are sold at prices above the purchase price and also due to any resultant increase in interest income of the Group.

#### 6.3 NA and Working Capital

The effects of the Proposed Renewal of Share Buy-Back Authority on the NA of the Group will depend on the number of Shares purchased, the purchase price for such Kronologi Shares and whether the Purchased Shares are cancelled or retained as Treasury shares.

If the Purchased Shares are kept as Treasury shares, the NA per Share will decrease, unless the cost per Share of the Treasury shares purchased is below the NA per Share at the relevant point in time. This is because the Treasury shares, which are required to be carried at cost, must be offset against equity and therefore would result in a decrease in NA of the Company.

Similarly, if the Purchased Shares are cancelled as provided under the Act, the NA per Share of the Kronologi Group will decrease, unless the cost per Share of the Purchased Shares is below the NA per Share at the relevant point in time.

In the case where the Purchased Shares are treated as Treasury shares and subsequently resold on Bursa Securities, the NA per Share of the Kronologi Group will increase if the Company realises a gain from the resale, and vice-versa. If the Treasury shares are distributed as share dividends, the NA of the Kronologi Group will decrease accordingly by the cost of the Treasury shares.

The implementation of the Proposed Renewal of Share Buy-Back Authority is likely to reduce the working capital of the Group, the quantum of which will depend on the purchase price of the Shares, the actual number of Shares bought back and any associated costs incurred in making the purchase.

However, for Shares so purchased which are kept as Treasury shares, upon its resale at a high selling price than the initial purchase price, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the Treasury shares and the number of Treasury shares resold.

#### 6.4 Dividends

The Proposed Renewal of Share Buy-Back Authority is not expected to have any impact on the dividend policy of the Board in recommending dividends, if any, to shareholders of Kronologi. However, as stated herein above, the Board may distribute future dividends in the form of the Treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

## 6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

## 6.5 Directors' and Substantial Shareholders' Shareholdings

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD and assuming that the maximum number of Kronologi Shares (of up to ten per centum (10%) of the total number issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased from shareholders other than the existing substantial shareholders of Kronologi, and all such shares purchased are cancelled or retained as Treasury shares, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and substantial shareholders of Kronologi are set out below:-

	As at LPD			After the Proposed Renewal of Share Buy-Back Authority		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
<b>Directors</b>						
Edmond Tay Nam Hiong	1,760,000	0.24	40,000,000 <sup>(1)</sup>	1,760,000	0.26	40,000,000 <sup>(1)</sup>
Tan Jeck Min	99,637,105	13.46	-	99,637,105	14.95	-
Geoffrey Ng Ching Fung	-	-	-	-	-	-
John Chin Shoo Ted	-	-	-	-	-	-
Kok Cheang-hung	21,000	*	-	21,000	*	-
Lai Ching Thing (Appointed on 2 May 2023)	-	-	-	-	-	-
<b>Substantial Shareholders</b>						
Desert Streams Investments Limited	85,565,754	11.56	-	85,565,754	12.84	-
Tan Jeck Min	99,637,105	13.46	-	99,637,105	14.95	-
Quantum Storage (India) Limited	40,000,000	5.40	-	40,000,000	6.00	-
Edmond Tay Nam Hiong	1,760,000	0.24	40,000,000 <sup>(1)</sup>	1,760,000	0.26	40,000,000 <sup>(1)</sup>

Notes:

<sup>(1)</sup> Deemed interest by virtue of his interest in Quantum Storage (India) Limited pursuant to Section 8 of the Companies Act 2016.

\* Negligible

Save for the resulting increase in percentage shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors or substantial shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal Share Buy-Back Authority or the resale of Treasury shares, if any.

Share Buy-Back Statement  
(cont'd)



## Share Buy-Back Statement (cont'd)

### 7. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Share Buy-Back Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread as required under Rule 8.02(1) of the AMLR.

As at LPD, the public shareholding spread of the Company is 69.34%. The Company will endeavour to ensure that the Proposed Renewal of Share Buy-Back Authority will not breach Rule 12.14 of the AMLR, which states that a listed corporation must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirements as set out under Rule 8.02(1) of the AMLR.

### 8. PURCHASES, RESALE AND CANCELLATION OF KRONOLOGI SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

The Company has not purchased, resold or cancelled any Shares from the open market in the previous twelve (12) months. As at LPD, there were no Treasury shares held by the Company.

### 9. HISTORICAL PRICES OF KRONOLOGI SHARES

The monthly highest and lowest market prices of Kronologi Shares as traded on Bursa Securities for the past twelve (12) months are as follows:-

	High RM	Low RM
<b><u>2022</u></b>		
May	0.520	0.465
June	0.520	0.450
July	0.505	0.445
August	0.550	0.495
September	0.520	0.450
October	0.450	0.395
November	0.415	0.385
December	0.515	0.455
<b><u>2023</u></b>		
January	0.515	0.465
February	0.560	0.485
March	0.585	0.500
April	0.595	0.555

(Source: <http://quotes.wsj.com>)

The last transacted price of Kronologi Shares as at the LPD prior to the printing of this Statement was RM0.575 per Share.

## Share Buy-Back Statement (cont'd)

### 10. IMPLICATIONS OF THE CODE

A person and any person acting in concert with him will be obliged to make a mandatory general offer under Part III and subparagraph 10.1 of Practice Note 9 of the Code for the remaining ordinary shares of the Company not already owned by him/them if as a result of the Proposed Renewal of Share Buy-Back Authority:-

- a. a person obtains control in the Company;
- b. a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) increases his holding of the voting shares or voting rights of the Company by more than 2% in any six (6)-month period; or
- c. a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the Company when he knows or reasonably ought to know that the Company would carry out a share buy-back scheme.

As it is not intended for the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory general offer under the Code by any of our Company's substantial shareholders and/or persons acting in concert with them, the Board will ensure that such number of Shares are purchased, retained as Treasury shares, cancelled or distributed such that the Proposed Renewal of Share Buy-Back Authority would not result in the triggering of any mandatory offer obligation on the part of our Company's substantial shareholders and/or persons acting in concert with them. In this connection, the Board is mindful of the requirements when making any purchase of our Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

### 11. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to and conditional upon the approval of Kronologi's shareholders at the forthcoming 9th AGM of the Company.

### 12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors, substantial shareholders of Kronologi, and/or person connected to them, as defined in the AMLR, have any interest, whether directly or indirectly, in the Proposed Renewal of Share Buy-Back Authority.

### 13. DIRECTORS' STATEMENT

The Board of Kronologi, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company.

### 14. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 9th AGM of the Company.

## Share Buy-Back Statement (cont'd)

### 15. AGM

The forthcoming 9th AGM, the Notice and Proxy Form of which are available on the Company's website at [www.kronologi.asia](http://www.kronologi.asia) will be held at Ballroom B, Level 2, Aloft Kuala Lumpur Sentral, No. 5 Jalan Stesen Sentral, 50470 Kuala Lumpur, on Monday, 10 July 2023 at 3.30 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution set out in the Notice of 9th AGM, to give effect to the Proposed Renewal of Share Buy-Back Authority.

A Proxy Form for the forthcoming 9th AGM is enclosed in the Annual Report 2023. If you are unable to attend and vote at the 9th AGM and wish to appoint proxy(ies), you should complete, sign and return the Proxy Form in accordance with the instructions printed therein as soon as possible so as to arrive at the share registrar's office at Unit 32-01, Level 32 Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time set for holding the 9th AGM or at any adjournment thereof. In the case of electronic appointment, the Proxy Form can be electronically lodged via TIIH Online at <http://tiih.online> not less than forty-eight (48) hours before the time set for holdings the 9th AGM.

The lodgement of the Proxy Form will not preclude you from attending and voting at the 9th AGM should you subsequently wish to do so.

## Share Buy-Back Statement (cont'd)

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### FURTHER INFORMATION

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#### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of Kronologi and they collectively and individually, accept full responsibility for the accuracy of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

#### 2. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company at Third Floor, No. 77, 79 and 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Monday to Friday (except for Public Holiday) from the date of this Statement up to and including the date of the 9h AGM:-

- (a) Constitution of the Company; and
- (b) Audited financial statements of Kronologi for the past two (2) FY2022 and FY2023.

# ADMINISTRATIVE NOTES

## FOR THE NINTH ANNUAL GENERAL MEETING OF KRONOLOGI ASIA BERHAD ("KRONOLOGI" OR "THE COMPANY") ("9TH AGM")

Day and Date : Monday, 10 July 2023  
Time : 3.30 p.m. or at any adjournment thereof  
Venue : Ballroom B, Level 2, Aloft Kuala Lumpur, No. 5 Jalan Stesen Sentral, 50470 Kuala Lumpur

In transition to the endemic phase of Covid-19 and to safeguard the health and safety of shareholders, proxies and invited guests who may be attending the 9th AGM in person, please find the below requirements and method of participating in the 9th AGM of the Company:-

- If you are unwell with sore throat, flu, fever, cough, aches and pains, nasal congestion, diarrhoea or shortness of breath, you are required to comply with the directives issued by Ministry of Health to self-quarantine or seek medical advice and will not be allowed to attend the 9th AGM. You are hereby strongly advised and encouraged to submit your Proxy Form prior to the 9th AGM.
- To safeguard the health and safety of shareholders, proxies and invited guests who may be attending the 9th AGM in person, the Company will also implement the following precautionary measures for the 9th AGM:-
  - Shareholders present in person or by proxy or attorney or authorised representative are required to pre-register themselves with the Company to allow the Company to make the necessary arrangement in relation to the meeting i.e. infrastructure, logistic and meeting venue.
  - All attendees are advised to sanitise their hands and wear face mask before entering the venue. Wearing a face mask throughout the 9th AGM proceedings is highly encouraged.

### REGISTRATION ON THE DAY OF 9th AGM

1. Registration will commence at 2.30 p.m.
2. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification.
3. A voting slip and an identification wristband will be given to you thereafter. No one will be allowed to enter the meeting room without an identification wristband.
4. Registration must be done in person. No person is allowed to register on behalf of another.
5. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

### APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate at the 9th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor not later than **Saturday, 8 July 2023 at 3.30 p.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 8 July 2023 at 3.30 p.m.**

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Procedures for Electronic Submission of Proxy Form.

## Administrative Notes (cont'd)

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 8 July 2023 at 3.30 p.m.** to participate in the 9th AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on/or before the 9th AGM. The certificate of appointment should be executed in the following manner:-

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:-
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

### **PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM**

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:-

Procedure		Action
<b>i. Steps for Individual Shareholders</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" by selecting "<b>Create Account by Individual Holder</b>". Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: "<b>KRONOLOGI ASIA BERHAD 9TH AGM - SUBMISSION OF PROXY FORM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote.</li> <li>Review and confirm your proxy(ies) appointment.</li> <li>Print proxy form for your record.</li> </ul>

## Administrative Notes (cont'd)

Procedure		Action
<b>ii. Steps for Corporation or Institutional Shareholders</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under <b>"ENQUIRY"</b> section below if you need clarifications on the user registration.</p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate event: <b>"KRONOLOGI ASIA BERHAD 9TH AGM - SUBMISSION OF PROXY FORM"</b></li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Proceed to download the file format for <b>"SUBMISSION OF PROXY FORM"</b> in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>• Submit the proxy appointment file.</li> <li>• Login to TIIH Online, select corporate event: <b>"KRONOLOGI ASIA BERHAD 9TH AGM - SUBMISSION OF PROXY FORM"</b>.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select <b>"Submit"</b> to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

### **NO RECORDING OR PHOTOGRAPHY**

**Unauthorised recording or photography** of the proceedings of the 9th AGM is **strictly not allowed**. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

### **ENQUIRY**

If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):-

#### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact persons	:	Hifzul Azad +603-27839284 (Mohamad.Hifzul@my.tricorglobal.com)
	:	Lim Lay Kiow +603-27839232 (lay.Kiow.Lim@my.tricorglobal.com)
	:	Siti Zalina +603-27839247 (Siti.Zalina@my.tricorglobal.com)

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**KRONOLOGI ASIA BERHAD**201301037868 (1067697-K)  
(Incorporated in Malaysia)**PROXY FORM**

(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We \* \_\_\_\_\_ NRIC/Passport/Registration No.\* \_\_\_\_\_  
(Full name in block)of \_\_\_\_\_  
(Address)

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a member/members\* of **KRONOLOGI ASIA BERHAD** ("the Company") hereby appoint(s):-

<b>Full Name (in Block)</b>	<b>NRIC/Passport No.</b>	<b>Proportion of Shareholdings</b>	
		<b>No. of Shares</b>	<b>%</b>
<b>Address</b>			
<b>Email Address</b>			
<b>Mobile Phone No.</b>			

and

<b>Full Name (in Block)</b>	<b>NRIC/Passport No.</b>	<b>Proportion of Shareholdings</b>	
		<b>No. of Shares</b>	<b>%</b>
<b>Address</b>			
<b>Email Address</b>			
<b>Mobile Phone No.</b>			

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Ninth Annual General Meeting of the Company ("9th AGM" or "Meeting") to be held at Ballroom B, Level 2, Aloft Kuala Lumpur Sentral, No. 5 Jalan Stesen Sentral, 50470 Kuala Lumpur, on Monday, 10 July 2023 at 3.30 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM600,000 for the period commencing from the date immediately after this 9th AGM until the next AGM of the Company.		
2.	To re-elect Mr. Tan Jeck Min as a Director of the Company.		
3.	To re-elect Mr. Kok Cheang-hung as a Director of the Company.		
4.	To re-elect Ms. Lai Ching Thing as a Director of the Company.		
5.	To re-appoint PKF PLT as Auditors of the Company.		
6.	To retain Mr. John Chin Shoo Ted as the Senior Independent Non-Executive Director of the Company.		
7.	To approve the general authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8.	To approve the Proposed Renewal of Share Buy-Back Authority.		
9.	To approve the Proposed Bonus Issue of Shares.		
10.	To approve the Proposed Bonus Issue of Warrants.		
No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Company's Constitution.		

\* delete whichever is not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Member(s) / Common Seal

## NOTES:

- a) A member who is entitled to attend, participate, speak and vote at the 9th AGM shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- c) 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 its common seal or signed by an officer or attorney duly authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
  - (ii) By electronic form

The proxy form can be electronically lodged via TIH Online website at <https://tiah.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of proxy form via TIH Online.
- g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 3 July 2023. Only members whose names appear in the General Meeting Record of Depositors as at 3 July 2023 shall be regarded as members and entitled to attend, participate, speak and vote at the 9th AGM.
- h) All the resolutions as set out in this Notice of Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 9th AGM at short notice. Kindly check Bursa Securities' and Company's website at [www.kronologi.asia](http://www.kronologi.asia) for the latest updates on the status of the Meeting.

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AFFIX  
STAMP

The Share Registrar  
**KRONOLOGI ASIA BERHAD**  
201301037868 (1067697-K)  
**Tricor Investor & Issuing House Services Sdn. Bhd.**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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## **KRONOLOGI ASIA BERHAD**

Registration No.: 201301037868 (1067697-K)

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Kuala Lumpur Sentral  
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