

# Annual Report **2023**



# INTRODUCTION TO N2N

## Innovators Making a Difference

We are a leading managed services provider, specializing in capital market and network and infrastructure solutions. Established in 2000, we have become one of the largest providers in the Asia-Pacific region, with over 200 employees across 7 countries.

We are a global group with a strong brand committed to digitizing markets. Using cutting-edge technologies and smart architecture, we enhance value chains and innovate markets, continuously breaking barriers and setting new records.

We have digitized more than 300 brokers and served over 1 million users with our technology, empowering every broker to serve every trader.

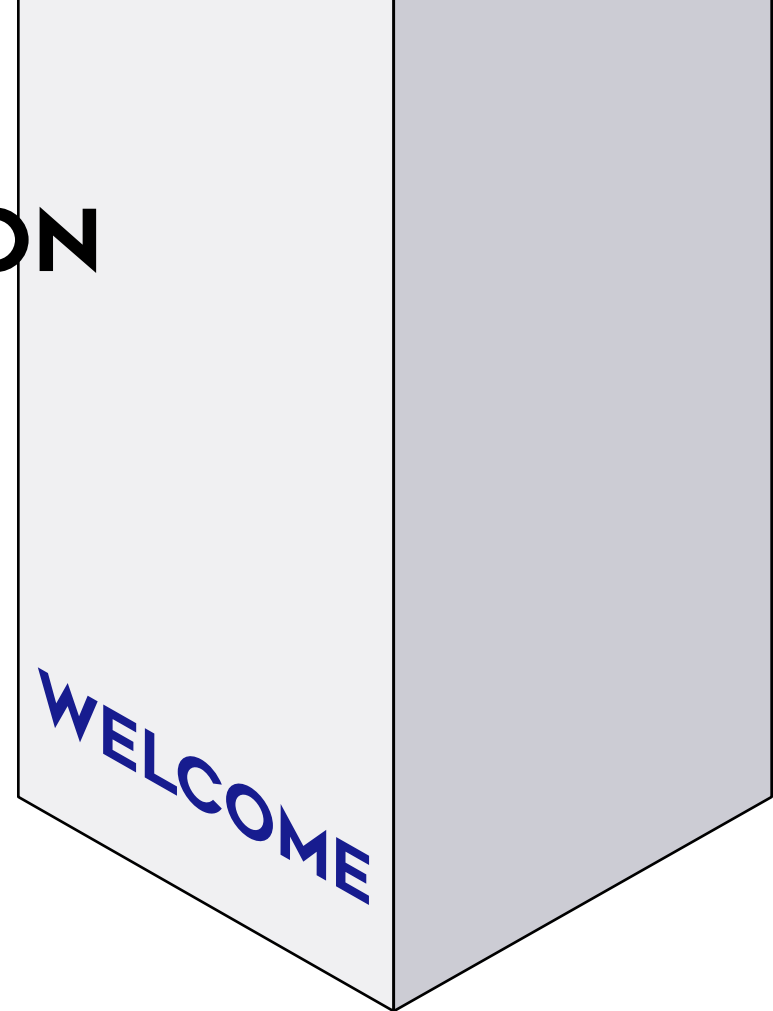
## Empowering the Capital Market with Technology

We are committed to innovation and offer a spectrum of solutions covering various aspects of the capital market, as well as end-to-end network and infrastructure services. These solutions are organized into the following business segments:

### Capital Market Solutions

- **Trading Solution**

Trading Solution is a comprehensive trading platform that includes both front and back office functionalities, catering to multi-asset class, multi-market, and multi-currency trading. The platform is designed to provide all the necessary tools and features for seamless trading operations.



- **Information Terminal**

Information Terminal brings together real-time data from multiple markets and pairs it together with the latest fundamentals, news, analytics, charting, and communication tools to help stakeholders of the capital market make informed decisions.

- **Wealth & Asset Management Solution**

Wealth & Asset Management Solution provides a strong foundation that helps automate managed investment activities as well as provide a comprehensive, modern and fully integrated advisor and client experience. It is equipped with financial instruments and modules to help make investment resources more efficient, accurate and transparent.

- **Algorithmic Trading Solution**

Algorithmic Trading Solution simplifies trading complexities by automating strategies for consistent and reliable execution. With an array of indicators and strategies available, our solution helps to mitigate the risks that come with human intervention. Our platform

provides users with control, speed, and automation, along with automated positions and charting.

- **Market Maker Solution**

Market Maker Solution provides a compliant and regulated multi-asset solution that generates liquidity and depth for financial markets. Equipped with necessary tools and features such as automatic quoting, anti-arbitrage, and flexible algorithms, it allows for easy monitoring, simulation, and seizing of market opportunities.

## NETWORK & INFRASTRUCTURE

- **Connection**

Connection provides reliable and secure connectivity solutions such as dedicated internet access, leased lines, and international connectivity. Our solutions are designed to meet the growing demands of businesses for high-speed, flexible, scalable, and secure connections that are crucial for their day-to-day operations.

- **Security**

The Security business offers a range of customizable network security solutions that protect businesses from various cyber threats. These solutions include web app firewalls, SIEM, IPS, VPN, and DDoS protection, ensuring the confidentiality, integrity, and availability of crucial data. Our solutions are tailored to meet specific security requirements while ensuring compliance with industry regulations and standards.

- **Data Centre**

Data Centre provides secure and reliable server hosting, management, and colocation services. Equipped with state-of-the-art facilities, our solutions ensure maximum uptime and redundancy, providing seamless support for business-critical applications. Our experienced team of experts ensures that all servers and equipment are maintained at the highest standard, allowing businesses to focus on their core activities.

- **Enterprise Application & Hardware**

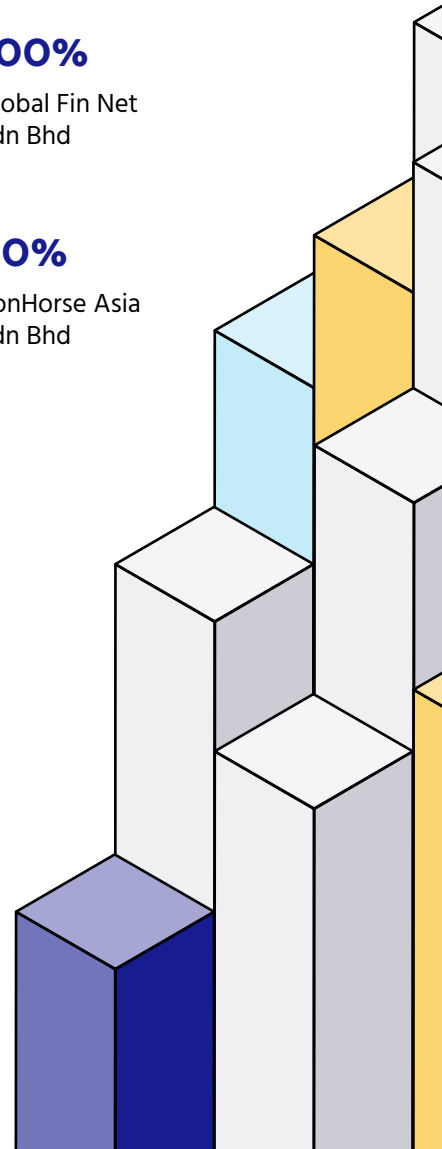
Enterprise Application & Hardware provides VoIP and IT application and hardware services to enhance and streamline business processes. Our VoIP solutions offer seamless communication with reliable and secure connectivity. Our IT application and hardware services provide end-to-end support for businesses to manage and optimize their operations.

## ASIA-PACIFIC'S LEADING TECHNOLOGY AND COMMUNICATIONS PROVIDER

We use the brands below to represent the different solutions we provide:



# CORPORATE STRUCTURE



## Capital Market Solutions

- Asianext Sdn. Bhd.
- Hermes Bos Sdn. Bhd.
- N2N Connect Pte Ltd
- N2N-AFE International Limited and its subsidiaries: N2N Global Solutions Sdn. Bhd and N2N-AFE (Hong Kong) Limited

## Wealth & Asset Management Solution

- PT NGS Services Indonesia

## Network & Infrastructure

- Global Fin Net Sdn. Bhd.
- NGN-AFE International Limited and its subsidiary: NGN Connection Sdn. Bhd

## Digital Creative Solutions

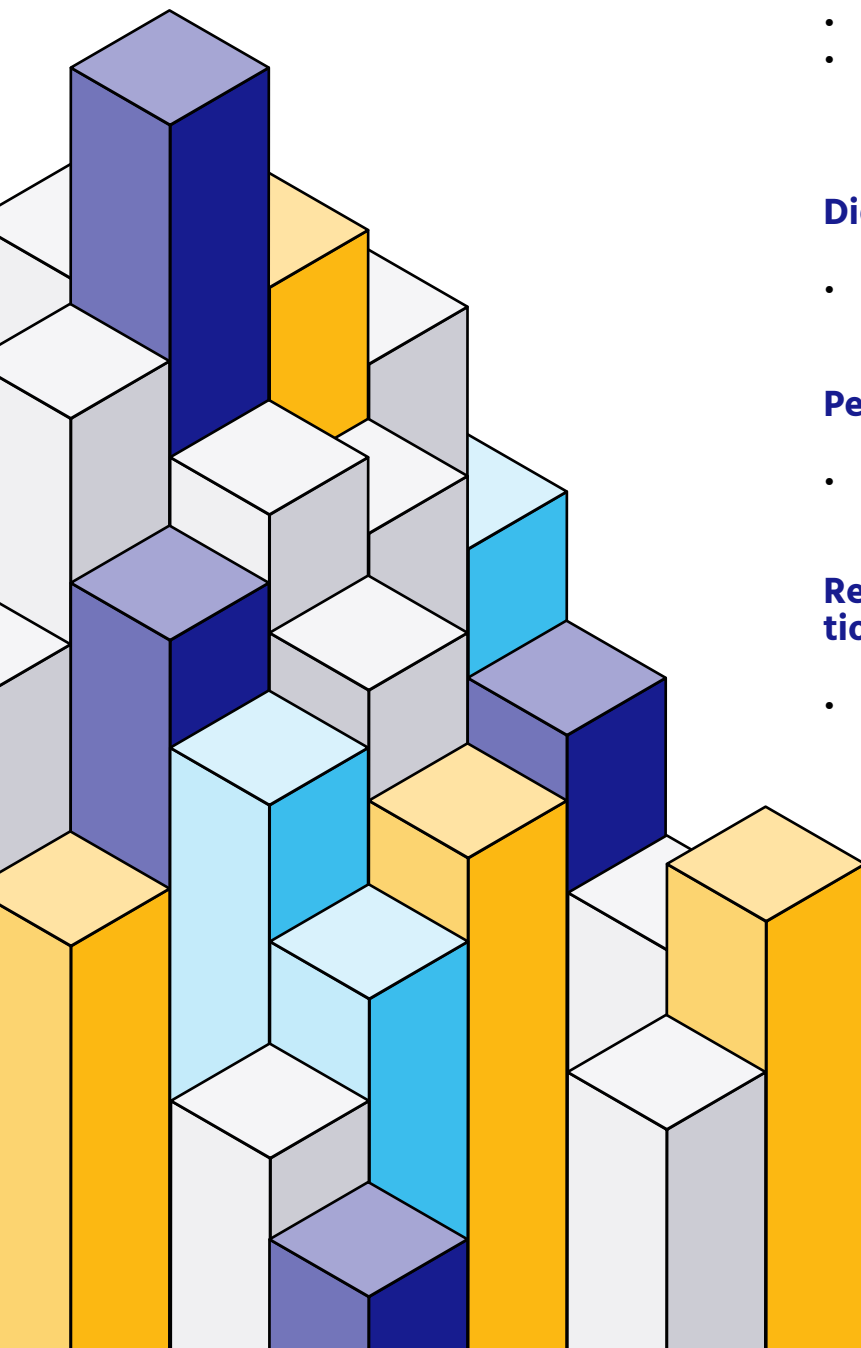
- X8NET Sdn. Bhd.

## Peer-to-Peer Lending

- OurMoneyMarket Holdings Pty Ltd

## Retail & Financial Business Solutions

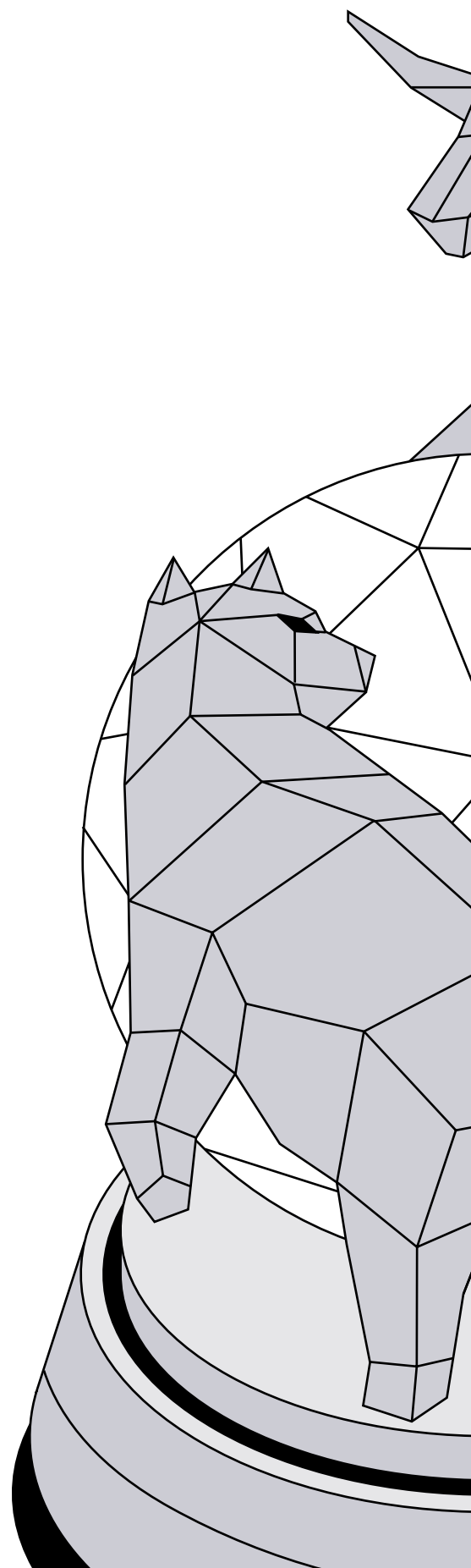
- IronHorse Asia Sdn Bhd



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# FINANCIAL SECTION

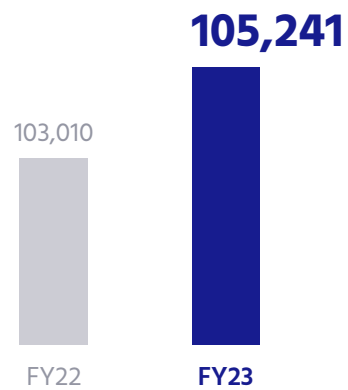
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# PERFORMANCE HIGHLIGHTS

As capital markets globally normalize, we continue to deliver solid performance, reflecting solid growth, strong profitability, and heightened shareholder value.

## Revenue

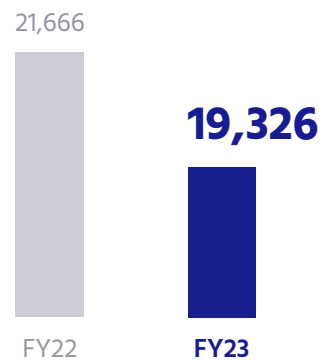
(RM thousand)



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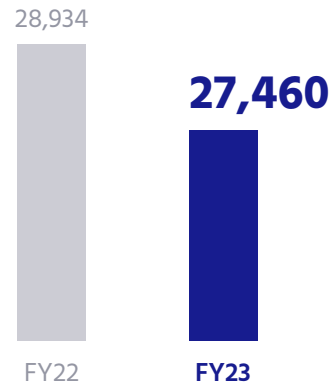
## Profit Before Tax

(RM thousand)



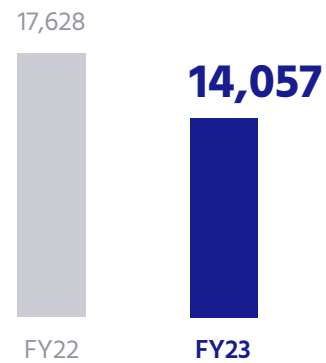
## Earnings Before Interest, Tax, Depreciation and Amortization

(RM thousand)



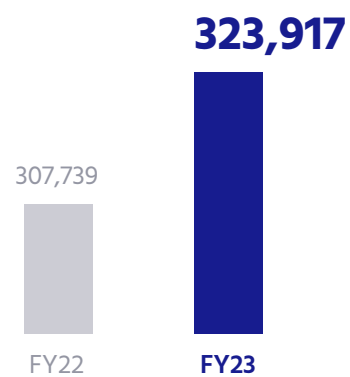
## Profit Attributable to Owners of the Company

(RM thousand)



## Total Assets

(RM thousand)



## Key Metrics

We have identified and use key metrics in assessing the performance of our business and to make informed decisions regarding the allocation of resources. The metrics are fundamentally connected based on how our products and services are being used by our clients. We achieved:

**12.20M** Ringgit in Core Profit

Ringgit in Trading Value Done Through N2N **412B**

**720B** Shares Went Through N2N (Malaysia only)

Ringgit in Research & Development Investment **8.54M**

# MANAGING DIRECTOR'S STATEMENT

“The rise of FinTech brokers in Malaysia poses challenges for brokers operating on a discount broking model, but it also prompts innovation and adaptation. While traditional brokers offering institutional and proprietary trading services are expected to experience limited impact, N2N is prepared to support our broking partners in this evolving competitive landscape. We’ll be introducing a new fintech mobile trading platform with an advanced algo engine, equipping them to compete effectively in the new capital market environment. N2N’s continued investment in R&D will ensure that our partner brokers remain competitive, both locally and internationally.”

Dear fellow shareholders, colleagues,  
partners, and customers

Despite facing challenges stemming from global geopolitical tensions and market uncertainties, 2023 was a year of significant progress and growth for us. The Russia-Ukraine conflict and geopolitical rivalry between the US and China led to market de-risking and capital outflows in key economies, impacting trading activities, including the closure of broking houses, in several countries we operate in, particularly Vietnam, Singapore, and Hong Kong.

Nevertheless, amidst this backdrop, our team remained resilient and proactive by exploring new frontiers, including the strategic acquisition of IronHorse Asia Sdn Bhd, a leading retailing system implementor specialist. This expansion opens exciting opportunities in new markets. We also made substantial investments in one of our core business, as we transform our Network & Infrastructure segment to offer cloud computing, a key foundation for the upcoming Asia Trading Hub. Enhancements to our trading systems, including high-speed and low-latency capabilities, and the development of new algorithmic trading and a next-generation platform, further strengthen our competitive edge in the Capital Market Solutions space.

In the region, we secured new clients, further solidifying our position as a leading provider of proprietary trading platforms. Furthermore, we introduced a few key developments, including an advanced low-latency matching engine for the grey market and a robust market data hub in China. Notably, our investment in Australia, OurMoneyMarket, turned profitable in the latter half of 2023, and we’re excited about their upcoming launch of ‘HandyPay,’ a new specialist payment plan service in 2024, with plans for regional expansion.



## In 2023, we

- Acquired IronHorse Asia Sdn Bhd, a specialized retailing system implementor.
- Upgraded our trading systems to support higher speeds and lower latency.
- Expanded our presence across the region, solidifying N2N's position as a leading provider of proprietary trading platforms
- Introduced our advanced low-latency matching engine tailored for the grey market, enhancing our clients' trading capabilities
- Established a robust market data hub in China to ensure the provision of stable and rapid data, thereby serving investors within the region more effectively.

We remain committed to the wellbeing of our employees. In fostering employee engagement and recognition, we reinstated the incentive trip for top-performing staff, a tradition that was paused due to the COVID-19 pandemic. Additionally, office renovations are underway to create a more conducive work environment post-remote work era. As we reflect on the achievements and milestones of 2023, we look forward to continued growth and success in the coming year.

## Financial Performance

For the fiscal year 2023, we continue to deliver good results despite the challenges faced in an uncertain era. More than RM 105 million in revenue, more than RM 7 million in other income, more than RM 22 million in operating cash flow and returned more than RM 11 million to shareholders. We recorded a profit after tax of approximately RM 14 million for the financial year ended 31 December 2023.

## What it takes to stay ahead

At N2N, we uphold four core principles: leveraging technological innovation, embracing digitization's transformative power, offering an advanced suite

of evolving products, and pursuing collaboration opportunities to better serve our industry, community, and society.

As we look ahead to 2024, the influx of Fintech brokers into Malaysia presents a significant challenge for brokerage firms, particularly those in the retail segment with a focus on discount broking. At N2N, we remain committed to staying at the forefront of technological advancement to ensure our offerings remain competitive. To this end, in addition to our venture into cloud computing as part of the Asia Trading Hub to promote cross-border trading, we are rolling out new editions of our trading solutions, tailored to meet the evolving needs of our clients. These include an integrated trading-centric back-office system capable of supporting multiple assets and markets, replacing outdated legacy systems. This new platform incorporates advanced features such as eKYC and AMLA onboarding processes for same-day activation, multi-market trading and settlement, advance credit and risk control, and real-time back-office settlement processing. With a capability to execute 10,000 orders per second, our clients can now achieve execution speeds measured in microseconds. This significant enhancement not only improves trading efficiency but also reduces settlement times by 93%, from 8 hours to just 30 minutes, enabling round-the-clock trading without increased risk exposure.

As we navigate the challenges of the current economic landscape, we are confident that these new business opportunities will position us for continued success in 2024, despite the anticipated global economic slowdown.



**Andrew Tiang,**  
Managing Director

# MANAGEMENT DISCUSSION & ANALYSIS

## Overview

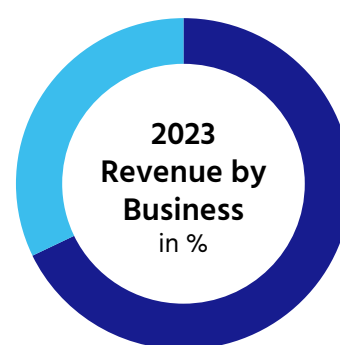
N2N is a globally recognized managed services provider, with a strong presence in the Asia-Pacific region, including Malaysia, Hong Kong SAR, China, Indonesia, Philippines, Singapore, Thailand, and Vietnam. With a team of over 200 experts, we service more than 300 clients with a diverse range of Capital Market and Network & Infrastructure solutions.

Our Capital Market Solutions segment, the core business of N2N, offers a comprehensive suite of end-to-end solutions in trading, information, wealth and asset management, algorithmic trading, and market making. Our solutions, delivered through a managed services model, cater to multiple assets, across multiple markets, and in multiple currencies, positioning us as the preferred solutions provider in the capital markets arena.

Our Network & Infrastructure segment offers a growing range of solutions for connection, security, data centre, and enterprise application & hardware needs for businesses across various industries. Our one-stop network and communications solution has evolved into a significant player in the market, and our strategic partnerships with established providers such as TIME, MAXIS, Telekom Malaysia, and PCCW has enabled us to provide high-quality services with unmatched scalability, efficiency, and security.

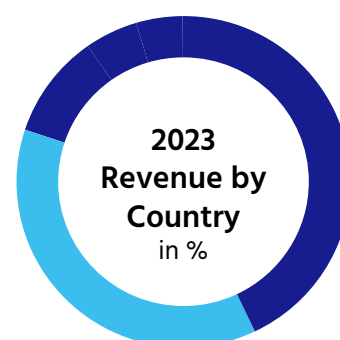
At N2N, we remain committed to providing our clients with unparalleled service excellence while continuing to expand our digital capabilities, transform our operations and promote revenue growth. We are dedicated to creating value across businesses by offering our expertise with efficiency and scale.

### Revenue Breakdown by Business



■ Capital Market Solutions	72%
■ Network & Infrastructure	28%

### Revenue Breakdown by Region



■ Malaysia	43%
■ Regional	57%

## Performance Measure

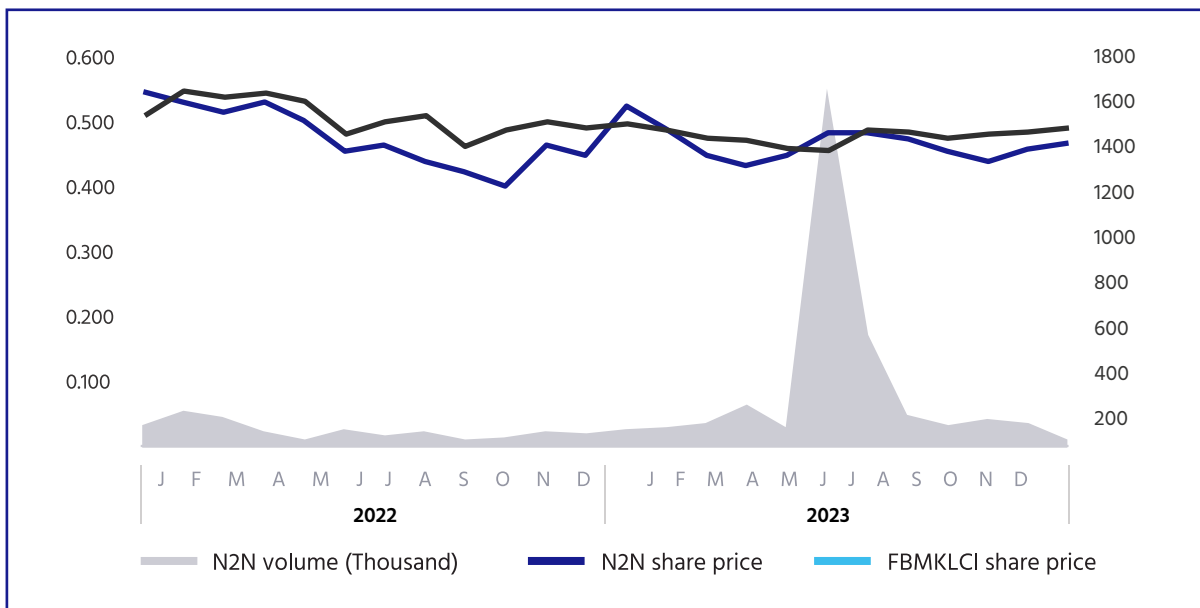
In 2023, most major stock markets have given double-digit returns, as the outperformance was led by a cooling off in global inflation, a slide in the dollar index, declining crude, and higher expectations of rate cuts by the US Fed and other Central banks. In Malaysia, the stock market remained resilient, driven by the growth in total equity market capitalisation and bonds and sukuk outstanding. Although the benchmark FBM KLCI saw a slight decline, other market indices ended

positively in 2023, reflecting investors’ interest in firms with higher growth potential, particularly Mid- and Small-Cap segments.

The performance graph shows the FBMKLCI Index finishing 2023 down 1%, and N2N’s closing share price ending the year up 4% at RM 0.47. N2N’s market capitalization was last recorded at RM 262.36 million as of 31 December 2023.

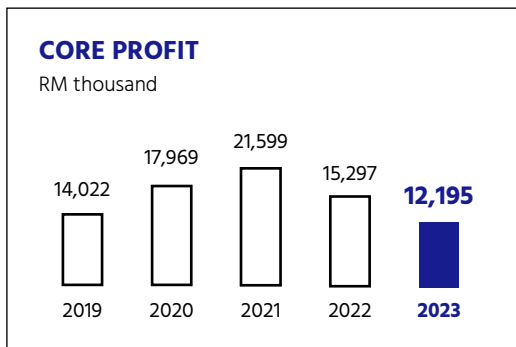
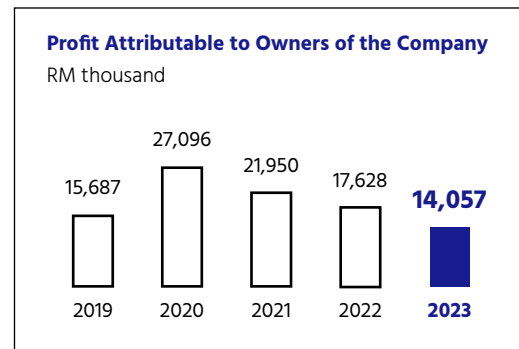
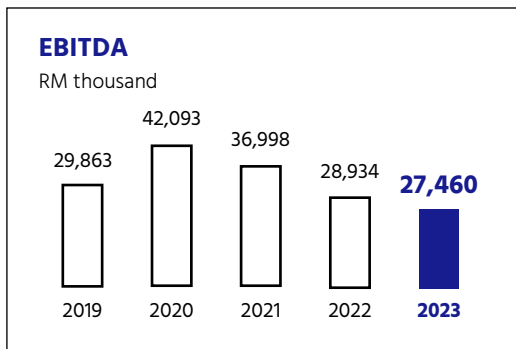
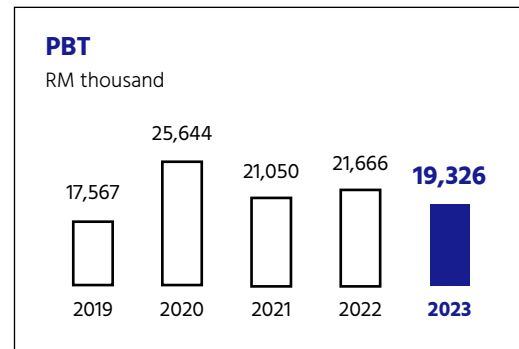
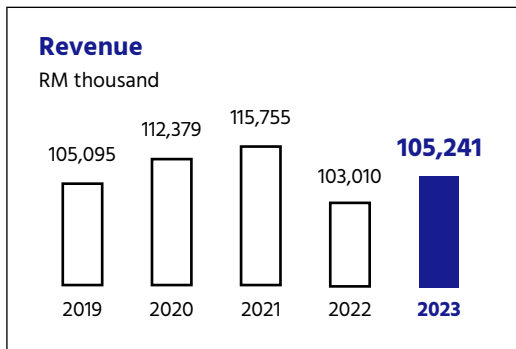
<b>N2N Stock Market Data</b>		2022	2023
in RM million, sen & %			
High		0.571	0.575
Low		0.387	0.420
Year-end share price		0.450	0.470
Change during year		-24%	4%
Change in the FBMKLCI		-3%	-1%
Market Capitalization (MYR million)		251.19	262.36

**N2N vs. FBMKLCI Share Price Comparison (2022-2023)**

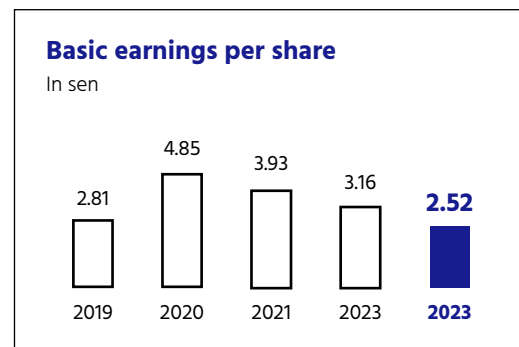
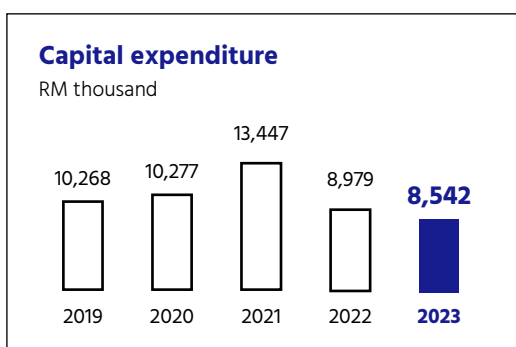


*Note: The performance shown in the graph represents past performance and should not be considered an indication of future performance.*

## Financial Performance Measures (5 Years)



\* - **Core profit** represents the profits of N2N excluding unrealised gains/losses on foreign exchange and one-off taxes and penalties (which are not expected to recur). Core profit helps to provide a guide for assessment of N2N's actual performance arising from its normal business activities by excluding non-recurring gains or losses including unrealised gains and losses.



## Review of Financial Performance

**Revenue** of N2N for the financial year ended 31 December 2023 amounted to RM 105 million, representing an increase of 2.17% from the previous year (2022: RM 103 million). The increase was mainly attributable to the comparatively higher one-time implementation.

MYR **105** million  
Revenue

**Profit before** of N2N for the financial year ended 31 December 2023 amounted to RM 19 million, representing a 11% decrease from the previous year (2022: RM 22 million). This decrease was mainly attributable to higher operating expenses and a lower gain from shares of associate.

MYR **19** million  
Profit before tax

**Earnings before interest, tax, depreciation and amortization** of N2N for the financial year ended 31 December 2023 amounted to RM 27 million, representing a year-on-year decrease of 5.7% (2022: RM 28 million). This was mainly attributable to higher operating expenses and a lower gain from shares of associate.

MYR **27** million  
Earnings before interest, tax,  
depreciation and amortization

**Core profit** of N2N for the financial year ended 31 December 2023 amounted to RM 12 million, representing a decrease of 20% from the previous year (2022: RM 15 million). This was primarily due the first-time recognition on deferred tax liability resulting from one of the subsidiary approaching the end of the Multimedia Super Corridor ("MSC") Pioneer status.

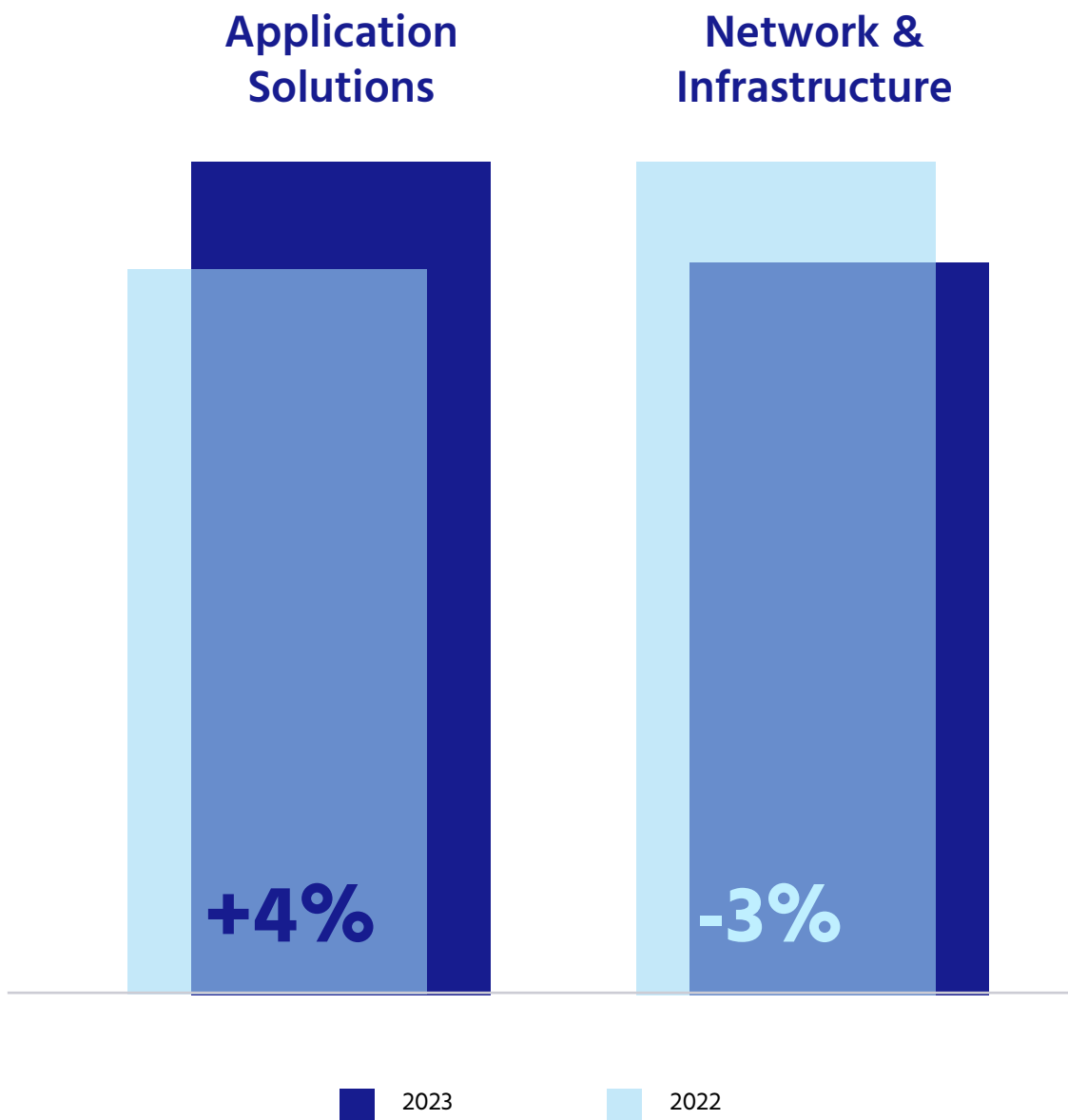
MYR **12** million  
Core profit

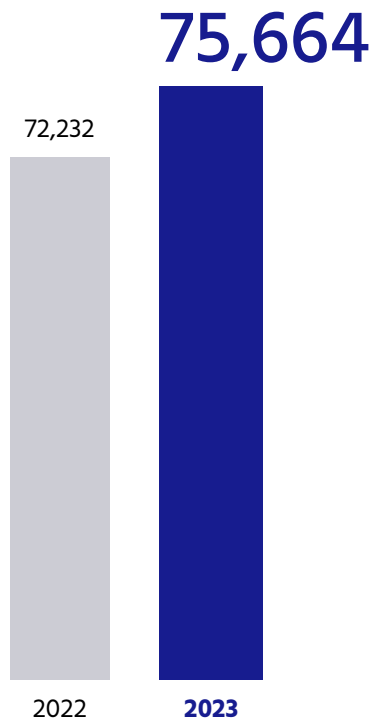
**Capital expenditure** of N2N in respect of property, plant and equipment, and computer software development cost in 2023 amounted to RM 9 million, representing a 4.9% decrease from the previous year (2022: RM 9 million). We remain dedicated to pioneering research and development to stay ahead of industry trends, embracing cutting-edge technologies like AI and cloud computing.

MYR **9** million  
Capital expenditure

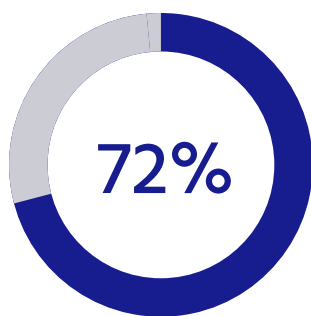
## Segment Review

We report the financial performance of our business through geographic segments, as detailed on page 13. Additionally, the overall business performance can be analysed into two major service offerings: Application Solutions and Network & Infrastructure. All reported amounts are consistent with our internal management reporting.





↑ 4.8%



Revenue Portion

### Application Solutions

Our Application Solutions segment comprises products and services that bring all stakeholders of the capital market under one platform. This segment primarily consists:

- Trading Solution.
- Information Terminal.
- Wealth & Asset Management.
- Algorithmic Trading.
- Market Maker.

In FY2023, we experienced a higher revenue contribution from the segment compared to the previous year, largely due to robust regional growth in both client acquisition and project expansions. This was also supported by increased trading activity in the regions we operate, and continued efforts to onboard more clients onto our Trading Solution in Hong Kong, SAR China.

Moving forward, we remain committed to meeting the evolving needs of capital markets by providing them with technology they want and need. To achieve our goals, we will continue to enhance our current offerings, invest in research and development of cutting-edge technology, and forge strategic partnerships with other businesses to foster connections that will benefit everybody.

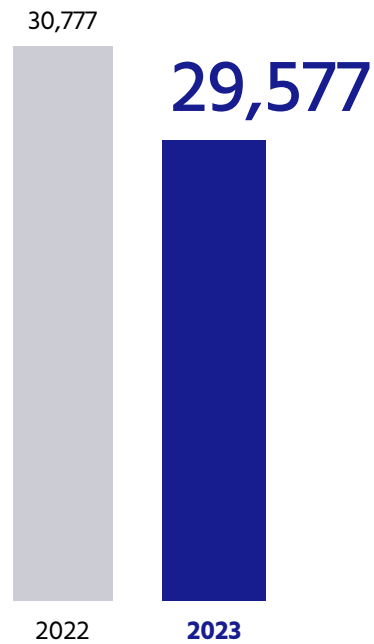
### Network and Infrastructure

Our Network & Infrastructure segment comprises of enterprise network and infrastructure solutions over a managed services model. This segment primarily consists of:

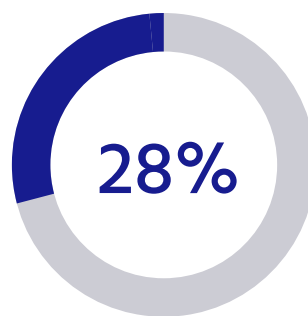
- Connection
- Security
- Data Centre
- Enterprise Application & Hardware

In FY2023, the segment experienced a decline in revenue compared to the previous year, mainly due to fewer new implementations and the closure of some regional clients. Nevertheless, we achieved several milestones, extending our Financial Network Services to diverse industries like hotels and real estate development. Furthermore, we expanded our footprint across the ASEAN region, particularly in the Philippines.

Moving forward, we will be transforming our business to offer cloud computing, which will be the new foundation of the Asia Trading Hub. With cloud computing, we aim to provide scalable, flexible, and secure solutions tailored to the dynamic needs of modern businesses. We remain committed to forging partnerships with leading telecommunication providers and exploring new solutions to provide alternative financial network services for our clients without the burden of managing complex infrastructure.



↓ 4.0%



Revenue Portion

## Dividends & Dividend Policy

In line with N2N’s continued focus on shareholders’ returns, on 24 August 2023 and 26 February 2024, the Board of Directors declared interim dividends of 1 sen each per ordinary share issued for the financial year ended 31 December 2023.

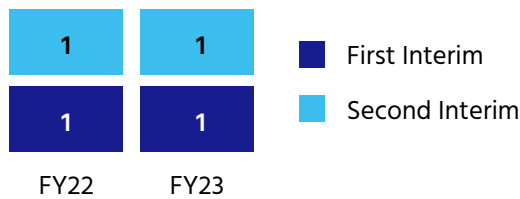
N2N currently does not have a set dividend policy and continues to pay dividends based on the level of available funds, the amount of retained earnings, capital expenditure commitments, and other investment planning requirements.

MYR **11** million  
returned to shareholders

**87**%  
payout ratio

### Dividends per share

in sen



## Risk Management

We are involved in providing a variety of managed services to an industry that revolves around the trading of debt and equity. Just like any other industry, the nature of our business carries with it a variety of common and unique risks that we face on a day-to-day basis. Risk is inherent in any business enterprise, and good risk management is an essential aspect of running a successful business. To help better understand and mitigate our risk exposures, our risks are categorized into three major quadrants- Financial Risk, Operational Risk and Strategic Risk.

### Financial Risks

Financial risks generally refer to the possibility that a company's cash flow will prove inadequate to meet its obligations. A company's ability to meet its financial obligations can be affected by macroeconomic forces, changes to the market interest rates and availability of accessible credit.

The financial risks that we are exposed to are *Market Risks* and *Credit Risks*.

Market Risks	Description	Impact	Mitigation
Interest rate risk	Risk of volatility accompanying interest rate fluctuations due to fundamental factors such as central bank announcements related to changes in monetary policy	Rising interest expense leading to increased costs can deplete profits	The Group is currently not exposed to risk from USD loan anymore
Currency risk	Risk of a decline in the value in returns owing to the depreciation of the value of the domestic currency.	Weakening of RM increases cost and depletes profits	Proceeds from USD billings are banked into USD currency account to counter effects of weakening Ringgit
Credit Risks	Description	Impact	Mitigation
Credit default risk	Risk of customers not being able to meet their payment obligations	Costly trade receivable write-offs depleting profits	Close monitoring of trade receivables. Suspending services (if required) of defaulters to minimise risk exposure
Concentration risk	Risk of receivables being susceptible to a specific sector of the economy or business group that has slowed down	Costly trade receivable write-offs depleting profits	Expand customer base to target different geographic locations to mitigate the risk of exposure to economic impact arising from a specific market.

## Operational Risks

Operational risks refer to the risk of loss from internal or external factors that could disrupt the flow of a business' operations. Some of these factors include ineffective or failed internal processes, people, systems, or unforeseen external events.

The operational risks that we are exposed to are *IT disruption risks, data compromise risks, resilience risks, third party risks, conduct risks, regulatory risks, organizational change risks and process risks.*

Operational Risks	Description	Impact	Mitigation
IT disruption risks	Risk of IT systems failure	System disruptions increases cost owing to service credit claims, and potential loss of business	<p><i>Risk Mitigation Strategies:</i></p> <ol style="list-style-type: none"> <li>1. Network Operations Procedure</li> <li>2. Server Patch Management</li> <li>3. Cyber Security Incident Event Management</li> <li>4. Client Backup Restore Procedure</li> <li>5. Known Vulnerable Network Ports Assessment</li> <li>6. Password Policy</li> <li>7. Acceptable Use of IT Asset Policy</li> <li>8. Access Control Policy</li> <li>9. Anti-Malware Policy</li> <li>10. Firewall Policy</li> <li>11. Server Security Policy</li> <li>12. Data Centre Access Policy</li> <li>13. Client DR Failover Procedure</li> <li>14. DDOS Mitigation Procedure</li> </ol>
Data compromise risks	Risk of destruction or corruption of databases and/or leak of confidential information	Causes potential breach of contractual obligations, and loss of business	<p><i>Risk Mitigation Strategies:</i></p> <p>Item 1 – 12</p> <ol style="list-style-type: none"> <li>15. Acceptable Encryption Policy</li> </ol>
Resilience risks	Risk of the organization not being able to maintain acceptable service levels	Causes increased cost owing to service credit claims, loss of customer confidence, weakens company reputation, and potential loss of business	<p><i>Risk Mitigation Strategies:</i></p> <p>Item 1 – 5, 13</p> <ol style="list-style-type: none"> <li>16. Business Continuity Plan</li> <li>17. Change Management Procedure</li> </ol>
Third party risks	Risk of the organization experiencing adverse events (e.g., data breach, operational disruption, reputational damage) owing to out-source of services or use software(s) built by third-parties	Causes increased cost owing to service credit claims, loss of customer confidence, weakens company reputation, and potential loss of business	<p><i>Risk Mitigation Strategies:</i></p> <p>Items 5, 8 &amp; 17</p> <ol style="list-style-type: none"> <li>18. Vendor Management Procedure</li> <li>19. Risk Management Procedure</li> <li>20. Release Management</li> </ol>

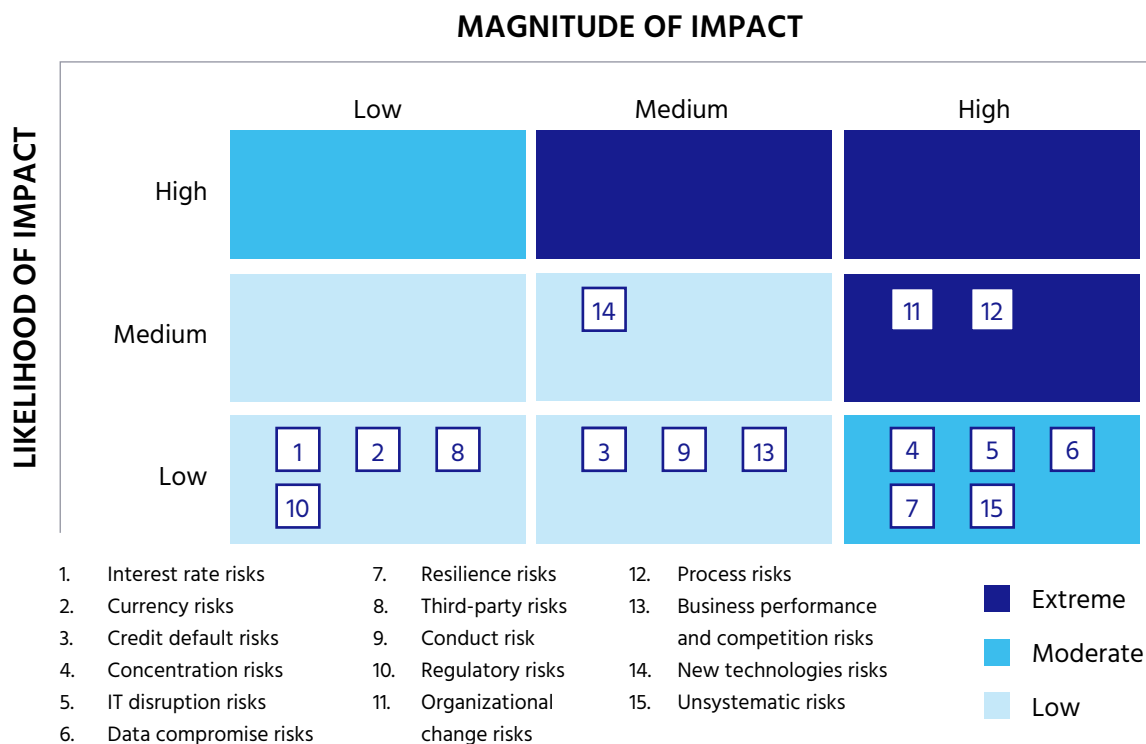
Conduct risks	Risk of any actions of employee(s) that lead to customer detriment	Causes potential costly indemnities	<p><u>Risk Mitigation Strategies:</u></p> <p>Items 3, 7, 8 &amp; 17</p> <p>21. Network SOP-New &amp; Resigned staff</p> <p>22. Termination and Resignation Policy</p> <p>23. Employee Code of Conduct /Handbook</p> <p>24. Source Codes Management Procedure</p> <p>25. IT Deviation Request Procedure</p>
Regulatory risks	Risk of not complying to regulations or having conditions applied (retrospectively or prospectively) that adversely impact the organization	Causes potential costly penalties, loss of business, and blacklisting that disrupts the continuity of the business	<p><u>Risk Mitigation Strategies:</u></p> <p>26. License management procedures</p>
Organizational change risks	Risk of another pandemic forcing shift from on-site work to work from home	Shortage of manpower or reduced operational efficiency due to absenteeism.	<p><u>Risk Mitigation Strategies:</u></p> <p>Items 5, 8, 10, 16 &amp; 19</p>
Process risks	Risk of financial losses and negative social performance related to failed internal business processes	Uncoordinated communication amongst teams that performs interdependent tasks	<p>27. Teams collaborative documentation tool</p> <p>28. Project management and tracking tool</p>

## Strategic Risks

Strategic risks refer to the probability that an event or decision will interfere with a company’s business model. They are often long-term, high-level and undermine the value proposition which attracts customers and generates profits.

The strategic risks that we are exposed to *are business performance & competition risks, new technologies risks, and unsystematic risk*

Strategic Risks	Description	Impact	Mitigation
Business performance and competition risks	External factors that could either threaten or present opportunities to the organization’s competitive position	Potential loss of business, and/or opportunity loss	<ol style="list-style-type: none"> <li>Continuous R&amp;D of products</li> <li>Seek new partnerships with other players to strengthen product positioning</li> </ol>
New technologies risks	Advancements in new technology affecting the Organization’s ability to remain competitive	Potential loss of business, and/or opportunity loss	<ol style="list-style-type: none"> <li>Continuous R&amp;D on emerging technologies and trends (e.g. blockchain)</li> <li>Seek new partnerships with other technology players in the industry</li> </ol>
Unsystematic risks	Uncertainty of brokers’ sustainability amidst challenging global economic conditions	Potential loss of revenue in the event of brokers exiting the market and/or brokers consolidating/merging	<ol style="list-style-type: none"> <li>Diversification of product to serve a wider industry and reduce single industry focus.</li> <li>Promote a new model with fees derived from a core system comprising order management and back office settlement</li> </ol>



**RISK PROFILE**

## Outlook and Plans Moving Forward

Global economies faced significant uncertainty in 2023, impacting most sectors, including banks, property developers, and tech companies worldwide. Retrenchments surged as companies scaled back to preserve profitability amidst post-COVID economic recovery challenges. Ongoing geopolitical tensions, including US-China rivalry and conflicts in Ukraine and the Middle East, compounded economic uncertainties. China responded to US-led decoupling efforts by restructuring its supply chain, decentralizing operations to multiple countries, thwarting potential sanctions. Economic challenges persisted with the collapse of major property developers, triggering fund outflows from China and Hong Kong. This downturn led to the closure of several small and medium-sized brokers as trading volumes shrunk, which impacted our information terminal subscription and trading system revenue. Against this backdrop, the global economy is anticipated to experience a second consecutive year of slowing growth in 2024.

Despite these challenges, the financial sector experienced significant transformation driven by the widespread adoption of digital technologies such as mobile banking and artificial intelligence. As the forefront leaders of capital market, N2N is well positioned to integrate these emerging technologies into its platforms, ensuring readiness to adapt to evolving market demands. While Southeast Asian economies, particularly the Philippines, demonstrated resilience amidst the global economic slowdown, Malaysia faced periodic contractions. Nonetheless, the capital market remained robust, with sustained expansion.

Uncertainties persist, but we remain committed to growing our business segments and implementing plans to strengthen our position as a leading global managed services provider. Our goal is to create and deliver long-term value for our stakeholders, including our people, shareholders, and communities.

## Embracing New Technologies into our Services

Our commitment to technological advancement is evident in our substantial investment to transform our Network & Infrastructure segment to offer cloud computing, a key foundation for the upcoming Asia Trading Hub. We also made enhancements to our trading system, catering to the high-speed and low-latency requirements essential for traders to compete effectively in today's dynamic market landscape. Additionally, we have embarked on the development of a new algorithmic trading system and a comprehensive mobile and desktop platform set to debut in the upcoming year.

### Focusing on an Ultra-Low Latency Trading Platform

Building on our previous endeavours, we are proud to announce the imminent rollout of N2N's Ultra-Low Latency Trading Platform, scheduled for phased release starting in 2024, with brokers participating in pilot deployments. This groundbreaking initiative signifies a paradigm shift towards microsecond performance and the ability to execute over 10,000 orders per second, setting a new standard in trading efficiency. This advancement is particularly significant for clients engaged in proprietary trading and institutional trading that leverage on algorithmic execution capabilities. By equipping our partners with state-of-the-art tools, we empower them to defend their market positions against the emerging challenges posed by fintech brokers in the region.

Based on the above outlooks and moving forward strategies, we remain cautiously optimistic about the Group's performance in the coming financial year.

### Internal restructuring of N2N Group of Companies

The Group as a provider of comprehensive services in capital market trading solutions alongside network and infrastructure solutions have carried out an internal restructuring exercise of the subsidiaries within the N2N Group of Companies

to optimise the corporate framework to better align with the Group's fundamental business operations to foster a more integrated and agile business operational framework and serve as a consolidated platform, harnessing the strengths and capabilities of the corporate framework to drive greater innovation, efficiency and market penetration to forge ahead with continuous growth and expansion efforts regionally aimed at expanding our market reach and enhancing our service offerings.

As such the Group had incorporated N2N-AFE International Limited and NGN-AFE International Limited in Hong Kong on 23 February 2024 and 26 February 2024 which are wholly owned subsidiaries of N2N Connect Berhad.

N2N-AFE International Limited had on 28 February 2024 acquired 100% of the equity of N2N Global Solutions Sdn Bhd from N2N Connect Berhad at the purchase consideration of RM 19.9 million and wholly satisfied by 32,500,000 fully paid up new Ordinary Shares of N2N-AFE International Limited.

N2N-AFE International Limited had also on 28 February 2024 acquired 100% of the equity of N2N-AFE (Hong Kong) Limited from N2N Connect Berhad at the purchase consideration of RM 91 million and wholly satisfied by 150,000,000 fully paid up new Ordinary Shares of N2N-AFE International Limited.

NGN-AFE International Limited had on 28 February 2024 acquired 100% of the equity of NGN Connection Sdn Bhd from N2N Connect Berhad at the purchase consideration of RM 8.6 million and wholly satisfied by 14,000,000 fully paid up new Ordinary Shares of NGN-AFE International Limited.

Based on the above outlooks and moving forward strategies, we remain cautiously optimistic about the Group's performance in the coming financial year.

# SUSTAINABILITY STATEMENT

## Our Sustainability Initiative

We believe that a good business is more than just financial growth; it's also about doing good for communities and having a positive impact on the world. Our corporate sustainability approach was built upon a long-term commitment to love the environment, play the role of the company well and care for the community.



## LOVE

THE ENVIRONMENT

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The environment that surrounds us affects everything from human health to the well-being of wildlife, and vice versa, humans can also affect it. Recognizing this dynamic, we have created a sustainability initiative to love the environment.

“We recognize the direct impact our business operations have on the environment and the importance of minimizing it for the future of our planet.

We are committed to making and promoting environmentally sustainable practices throughout our supply chains to help reduce our carbon footprint, combat climate change, and protect our environment



## PLAY

THE ROLE OF THE COMPANY WELL

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The success of a business is not just about achieving financial goals; it's also about how those goals are achieved. Recognizing our responsibilities as a business, we have created this sustainability initiative to play the role of the company well.

We understand that being a good company involves fostering an inclusive and productive environment for our employees, conducting business in an ethical manner, and maintaining shareholder confidence.

We are committed, as a key market player, to set the tone for sustainable corporate governance, transparency, advocacy, engagement, and inclusivity.



## CARE

FOR THE COMMUNITY

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The positive contributions we make to the communities we are a part of help to address global challenges like inequity and sustainable innovation. Acknowledging our ability to shape communities, we created this sustainability initiative to care for the community.

We each have a role we can play, and no effort that goes towards supporting our shared future is too small to notice. We use the great technology we have and our market position to help build a society where everyone wins.

We are committed to promote a healthy community that brings the world closer together; creating sustainable solutions that care for our people, direct community, and broader society.







## One tree at a time

Trees are an important aspect of the environment not only because they are responsible for 28% of all oxygen in the air, but also because they help clean the air we breathe, filter the water we drink, and are habitat to the world's terrestrial biodiversity. Alongside staff members and the local community, we planted neem trees around neighbourhoods to help improve soil conditions, rehabilitate degraded land and reduce the effects of climate change.

## Reducing energy consumption

The impact of energy production and consumption by humans on the environment are generally well documented, directly affecting air, water and climate through greenhouse gas emissions. At N2N, we are committed to reducing our energy consumption across our offices- regularly monitoring our energy consumption and opting for alternative technology or restructuring our workflow to be as energy-efficient as possible. Some of the measures we have taken to help reduce our environmental footprint include:

-  Daily monitoring of air-conditioning usage
-  Switching to energy-efficient light-emitting diode lighting
-  Sleep mode for office equipment
-  Educating employees to be energy-conscious

## Giving back to the environment

Donations help in so many ways, and every little bit counts. We frequently make donations to charitable organizations that provide high-impact help to the environment so that they can run the activities they need to achieve their goals. Every organization we donate to improves the planet we live in in a myriad of different ways.

## Managing & reducing waste

The nature of our business generally does not carry a high waste footprint as we do not produce any goods or materials. Despite this, we recognize the importance of proper waste management for a more environmentally-friendly society and have adopted practices and initiatives in our offices to help reduce general office waste output. In our offices, we practice and perform the 3Rs, educate employees on waste disposal practices, and also take part in a program for recycling office waste.

### RECYCLE FOR GOOD



N2N has been working with LovelyDisabledHome since 2016 for the disposal & recycling of office waste and protection and job opportunity for the differently-abled. We work with LovelyDisabledHome to recover and collect items such as paper, aluminium, electric appliances, iron, plastic and clothing.

## Digitizing the workplace

The introduction of new technology in modern day society is dramatically changing the way we interact, connect and collaborate in the office. Embracing the digital era, we transformed our workplace and modified internal processes to focus on the adoption of technology that help make the office more eco-friendly. We employed AI to help manage and store internal documents, favour electronic means of communication where possible, and introduced a hybrid working model that helps to reduce greenhouse gas emissions at the office and from traveling.



## A workplace focused on people

We firmly believe that the environment in which people work can influence their behavior and motivation to act. With this in mind, we have designed a workplace that includes facilities and open spaces that inspire collaboration, spark dialogue, and promote work-life balance. We accomplish this by providing entertainment and amenities that bring people together in a playful and casual manner, while also allowing for effective group discussions that lead to big ideas.

## Diversity & inclusion

Diversity and inclusion are fundamental to the workplace for high-performing and healthy teams. We value the unique contributions that people with different backgrounds, experiences, and perspectives bring to the table, and we strive to harness the power of those differences to create a sustainable business.

We are committed to providing equal opportunities for everyone, regardless of their background, perspective, gender identity, ethnicity, age, education, or ability. We embrace and celebrate the strengths that come with diversity, as we believe that they are the building blocks of a stronger and more inclusive community.

## Healthcare for our people

We believe that our people are our most valuable asset, and we prioritize their health and well-being. That's why we have developed the LOVEPLAYCARE initiative, which offers a suite of health and wellness benefits to our employees. This includes coverage for medical, hospitalization, dental, and optical services, as well as the provision of fresh fruits to promote a healthy lifestyle."

**28%**  
of N2N staff are females

**21%**  
of female N2N staff  
hold manager or technical positions

**10+**  
We hire people from 11 different  
countries with 40% of our staff  
located outside of Malaysia.

**400+**  
employees took part in our training  
and development programs

## Training & development

We are proud to have a team of people who embody a growth mindset, valuing improvement, learning from failure, and embracing new ideas and challenges. We are committed to investing in their ongoing learning and development, as we believe that it not only benefits their personal growth but also helps us achieve our organizational goals.

To achieve this, we regularly organize a range of learning opportunities, including internal knowledge-sharing sessions, formal training courses, and personal development programs. These opportunities aim to inspire leadership, confidence, and capability in our people, assisting them in their current roles and future career development.

## Doing business the right way

We recognise that sustainable and ethical business conduct is crucial to maintaining a positive reputation, which in turn helps protect and enhance shareholder value. That's why our Board and management are committed to upholding high standards of corporate governance. We have developed a range of materials, including key principles, policies, committee charters, and a code of conduct, to help enforce these commitments and ensure that our business is conducted with integrity and transparency.

Available on our corporate website are the following corporate governance materials, which set out further the standards we adhere ourselves to:

- **Anti-Bribery & Anti-Corruption**
- **Board Charter**
- **Code of Business Conduct for Contractors & Suppliers**
- **Code of Conduct for Board of Directors**
- **Corporate Governance Reports**
- **Employee's Code of Conduct & Ethics Policy**
- **Nomination and Remuneration Committee Charter**
- **Remuneration Policy and Procedures for Directors and Senior Management**

- **Terms of Reference of Audit Committee**
- **Whistleblowing Policy**

🔗 Further information regarding our various corporate governance materials can be found at: [n2nconnect.com/corporate-governance.html](https://n2nconnect.com/corporate-governance.html)

## Protecting our clients' data

The trust our clients place in us is crucial to our success. That's why we are committed to using stringent cybersecurity measures and handling data responsibly, transparently, and with consent. We have a robust cybersecurity framework that is regularly reviewed to ensure that our data processing methodology complies with legal obligations, prevents unauthorized data use, and enhances data protection.

To stay ahead of security threats, we continuously invest in our security capabilities, including maintaining and enhancing existing technology and deploying new ones. While it's impossible to mitigate all cyber risks, it's crucial that we take action to maintain our customers' trust.

When it comes to data protection, we follow industry-recognized standards such as the Personal Data Protection Act 2010 and the ISO27001:2013 standard.

## Robust earnings

As a Group, we recognize our responsibility to the people who own and support our business. That's why we are committed to pursuing sustainable growth and delivering attractive returns to our shareholders, which helps to increase our reputation and value. We achieve our economic goals through constant innovation, effective capital management, and by setting and reviewing our commitments to ensure that we remain accountable.

For the past five years, N2N has consistently achieved profits and enhance value for shareholders.

<b>PROFITS OVER THE PAST FIVE YEARS</b>					
In RM thousand and sen	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Profit before tax	17,567	25,644	21,050	21,666	19,326
Profit after tax	15,261	26,661	20,368	18,732	13,732
Core profit	14,022	17,969	21,599	15,297	12,195
Net dividend per share (sen)	1.0	3.5	4.0	2.0	2.0

## Supporting local suppliers

In line with the current market shifts towards circular value chains, greater transparency, and increased sustainability from businesses, we have established and integrated a Code of Business Conduct for Contractors & Suppliers into our supplier due diligence process. This Code helps guide us in sourcing from contractors and suppliers who align with our values and policies, promoting and advocating for more responsible supply chain conduct.

Engaging with suppliers is an important way in which we can have a positive impact on communities. We aim to improve the lives of people who use our products and those who help make them by ensuring that our supply chain partners meet high ethical and sustainability standards. Through this approach, we can work together to create a more responsible and sustainable future for all.

Information regarding our Code of Business Conduct for Contractors & Suppliers can be found at: [n2nconnect.com/corporate-governance.html](https://n2nconnect.com/corporate-governance.html)

## Internship & student opportunities

There is value in experience. Internships and student opportunities means investing into the future of potential new talents and leaders as well as ours. We offer internship programs and work with universities to help provide students meaningful work, professional development as well as early experience into our industry and the working world.

# 90+

internships provided since 2007

# 90%

of our top 10 clients have been with us for 10+ years



## Promoting trading literacy

Everyone should be given equal opportunity to equip themselves with all the necessary skills to help them live a better life, including learning about trading/investing as an option to help them manage and grow their finances.

Together with industry leaders and our clients, we organize educational events such as our Inter-Varsity Stock Challenge to help close the knowledge gap that is often associated with our industry. Our approach is to simplify the technicalities of our industry in a fun, pressure-free manner, to help kickstart everyone's investment journey.

## Technology for people

We have been developing products and solutions that empower people with technology since 2000. From the first desktop platforms to modern day web and mobile-based platforms, an apparent theme throughout all our designs is the necessity to connect people, enabling trading without borders, anytime, anywhere.

As a leading innovator within our field, we recognize the innate responsibility we have to use good technology to serve and improve the community around us. Following-through on our commitments, we consistently invest in research & development to help innovate and explore next-generation technology that will help us better connect people and markets.

## Supporting the differently-abled

The differently-abled are more affected by their social environment than their bodies. At N2N, we believe that every human being has something special within them, as well as weaknesses. We want to help differently-abled individuals be treated and accepted as regular members of society, to be seen and interacted with as equals, and to focus on their strengths rather than their weaknesses. We are committed to providing opportunities that allow them to contribute to society like everyone else.

Since 2016, we have been actively working with

LovelyDisabledHome to provide job opportunities for individuals with physical and mental disabilities. This includes selling their homemade products and utilizing their recycling centers.

## Blood donation events

Safe blood saves lives. There is a constant global need for a regular supply of blood to help those who need it, such as women with complications during pregnancy and childbirth, children with severe anaemia, accident victims and surgical and cancer patients.

Recognizing the importance of giving blood and how it can save lives, we partner with Pusat Darah Malaysia to regularly organize and host blood donations 3 times a year at our headquarters. The blood donations are open to the public, and we also partner with organizations to help provide incentives that encourage people to donate blood.

## Charity for good

We help one another because it's the right thing to do. We believe in giving back to the community and supporting those in need. Every year, we commit a portion of our revenue to support charities that address issues such as disaster relief, hunger, poverty, and education. Some of the organizations we have supported in the past include the Red Cross, UNICEF, and local food banks. We are proud to be able to make a positive impact on the world and will continue to support these causes in the future.

# 55%

R&D staff to total staff count

# 8.7%

of Total Revenue re-invested in R&D

# 10+

N2N has donated to charities and NGOs

# OUR STAKEHOLDER ENGAGEMENT

N2N incorporates and promotes sustainable goals economically, environmentally, and socially across business operations; maintaining high standards of conduct and maximising long-term value creation for the benefit of stakeholders.

We are committed to our sustainability goals, and maintain effective communication and understanding with all employees and stakeholders involved to make sure that we meet them.

Our ongoing stakeholder engagements:

	Ongoing engagements	Objective
<b>GOVERNMENT AND REGULATORY AUTHORITIES</b>	▶ Meetings and engagements through trade associations and chambers of commerce	To ensure our business operations comply with local authorities' rules and regulations.
<b>CUSTOMERS</b>	▶ Regular client visits, dedicated account teams, and customer experience centre	To ensure customer satisfaction with our products and services  To provide prompt and efficient assistance to customers
<b>EMPLOYEES</b>	▶ Staff training, frequent employee communications, health and safety communication programs, community conversations, and employee well-being programs	To ensure the workplace is a safe and inclusive space for all employees.  To provide continuous training and up-skilling for better performance and career development
<b>SUPPLIERS</b>	▶ Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties	To ensure two-way value creation with suppliers  To achieve a sustainable supply chain
<b>NON-GOVERNMENTAL ORGANISATIONS (NGOS), INVESTORS AND ANALYST</b>	▶ On-going dialogue with NGOs and charitable organisations  Announcement to Bursa Securities, general meetings, corporate website and on-going dialogues with investors and analysts	To develop initiatives to benefit the people and the community  To generate shareholder return on a sustainable basis  To report financial results on quarterly and annual basis  To make announcements to Bursa Securities about the Group's major activities
<b>MEDIA</b>	▶ Regular engagement with the media about N2N and the industry's development	To provide an update on N2N's activities, initiatives and moving forward plans

# SUSTAINABILITY GOVERNANCE

N2N is in the midst of establishing a sustainability governance structure that oversees and manages the overall planning and implementation of sustainability practices and policies for social and environmental risks in a continuous and systematic manner. The structure will review the effectiveness of standards and procedures relating to the wellbeing of employees, relationships with communities, environment, the level of accountability and transparency, and sustainable development. Currently, all operating divisions have been charged with the fiduciary duty to consider sustainability in their business strategy planning, operations, and processes. We are committed to continuously refine and improve our processes over time.



# BOARD OF DIRECTORS

## CHUA HOCK SENG

Chairman, Independent  
Non-Executive Director

76

MALE

MALAYSIAN

Joined N2N on 25 November 2020.

He holds a diploma in Business Studies from the City of London College and served as Co-Founder at Noone & Co, Co-Founder at Halim Securities Sdn Bhd, Director at The Malaysia Capital Fund Ltd, a member of the Consultant Advisory Board of Bridge Group International Ltd, Business Developments and Advisory at K&N Kenanga Bhd / Investment Bank, and a member of the Main Committee, the SCAN Board, and the various subcommittees of Bursa Malaysia.

He does not hold any directorships on the board of other public companies in Malaysia. He has no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## TIANG BOON HWA

Managing Director,  
Founder

61

MALE

SINGAPOREAN

Joined N2N on 24 August 2000

He holds a diploma in Computer Studies from the City & Guilds of London Institute and served as Senior Management Consultant at Deloitte Haskins & Sells, Head of Regional IT Audit for the South Asian Region at Citibank N.A., Product Consultant at Computer Associates Singapore, Managing Director at Computer Associates Malaysia and Brunei, Regional Director at i2 Technologies Pte Ltd, and General Manager at Exact Software Asia Development Centre Sdn Bhd. He is also an adjunct professor at the Management and Science University, Malaysia. He is currently a member of the Risk Management Committee of N2N.

He is the spouse of Mdm. Lai Su Ping.

He does not hold any directorships on the board of other public companies in Malaysia. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## LAI SU PING

Non-Independent  
Executive Director, Founder

53

FEMALE

MALAYSIAN

Joined N2N on 10 August 2000

She holds a diploma from the Chartered Institute of Marketing and served as a Marketing Executive at Yonex Sdn Bhd, Project Executive at Kumpulan Jetson Bhd, and Channel Manager at Computer Associates Sdn Bhd. She is currently the Chairman of the Option Committee of N2N.

She is the spouse of Mr. Tiang Boon Hwa.

She does not hold any directorships on the board of other public companies in Malaysia. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, she has not been convicted for any offences, other than traffic offences, if any.

## ELAINE FOONG SOOI JADE

Independent  
Non-Executive Director

48

FEMALE

MALAYSIAN

Joined N2N on 15 March 2016.

She is a fellow member of The Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA). She served as Head of Finance at N2N Connect Bhd, a member of the Audit and Assurance division at Messrs. KPMG Malaysia, Audit Team Lead at Messrs. Chio Lim & Associates Singapore, and Chief Trainer at Pinoki Brain Training Network. She is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee, the Option Committee, and the Risk Management Committee of N2N.

She does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, she has not been convicted for any offences, other than traffic offences, if any.

## GOH CHING CHEE

Independent  
Non-Executive Director

64

MALE

MALAYSIAN

Joined N2N on 5 January 2018.

He holds qualifications in Computer Programming and Information Processing from both the City & Guilds of London Institute and Mensa Institute of Computer Studies, qualifications from the Institute of Data Processing Management and Institut Bank Bank Malaysia, and served as both the Executive Vice President and Managing Director of Mortgage Business at Citibank for Malaysia and Thailand, and the Business Development Head at Zenith Properties. He is currently the Chairman of the Risk Management Committee, a member of the Nomination and Remuneration Committee, and the Audit Committee of N2N. He also sits on the board of India International Bank (Malaysia) Bhd.

He has no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## DATO' SIM KIA JU

Independent  
Non-Executive Director

61

MALE

MALAYSIAN

Joined N2N on 26 January 2022.

He holds a bachelor's degree in Mathematics from Queen Mary College, University of London, and is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He served as Audit Senior at Leigh Carr Chartered Accountants, Audit Manager at both Whiteleys Chartered Certified Accountants and Coopers & Lybrand, Assistant Vice President of Finance at Empress Cruise Lines (Gaming), Vice President of Finance at Naga Resorts (Gaming), Vice President of Finance, Vice President of Slots, Senior Vice President of Casino Operations, and Executive Vice President of the Genting Malaysia Group, and Chief Operating Officer of City of Dreams Manila of the Melco Group. He is currently the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of N2N.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## LIN, LIN

### Non-Independent and Non-Executive Director

35

FEMALE

CHINESE

Joined N2N on 23 November 2023.

She holds a bachelor's degree in Economy and Management and a master's degree in Finance, both from the University Jean-Moulin Lyon III, and served as a support analyst in FIS global. She is currently the Vice General Manager of the Investment Department of Hundsun Technologies Inc, the parent company of Hundsun Holdings Ltd. Hundsun Holdings Limited and Hundsun Technologies Inc are the direct and indirect substantial shareholders of N2N, and Hundsun Holdings is considered a potential competitor in some business in Hong Kong by N2N-AFE (Hong Kong) Limited.

She does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. Within the last 5 years, she has not been convicted for any offences, other than traffic offences, if any.

# KEY SENIOR MANAGEMENT

## TIANG BOON HWA

Managing Director,  
Founder

61

MALE

SINGAPOREAN

Joined N2N on 24 August 2000

He holds a diploma in Computer Studies from the City & Guilds of London Institute and served as Senior Management Consultant at Deloitte Haskins & Sells, Head of Regional IT Audit for the South Asian Region at Citibank N.A., Product Consultant at Computer Associates Singapore, Managing Director at Computer Associates Malaysia and Brunei, Regional Director at i2 Technologies Pte Ltd, and General Manager at Exact Software Asia Development Centre Sdn Bhd. He is also an adjunct professor at the Management and Science University, Malaysia. He is currently a member of the Risk Management Committee of N2N.

He is the spouse of Mdm. Lai Su Ping.

He does not hold any directorships on the board of other public companies in Malaysia. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## LAI SU PING

Non-Independent  
Executive Director, Founder

53

FEMALE

MALAYSIAN

Joined N2N on 10 August 2000

She holds a diploma from the Chartered Institute of Marketing and served as a Marketing Executive at Yonex Sdn Bhd, Project Executive at Kumpulan Jetson Bhd, and Channel Manager at Computer Associates Sdn Bhd. She is currently the Chairman of the Option Committee of N2N.

She is the spouse of Mr. Tiang Boon Hwa.

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## KOK WAN CHUN

Chief  
Operating Officer

56

MALE

MALAYSIAN

joined N2N on 2 May 2018.

He holds a Diploma in Financial Accounting from Tunku Abdul Rahman College and a professional accounting qualification from the Association of Chartered Certified Accountants (ACCA). He served as a Senior Finance Manager at N2N Connect Bhd, Chief Operating Officer, Accounts Assistant, and Financial Controller at Patimas (MD) Sdn Bhd, General Manager of Sales & Operations at Corcoda Corporation, and a sessional lecturer at Sunway University and Monash University.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## YAW CHUN SOON

Chief Legal  
and Finance Officer

61

MALE

MALAYSIAN

joined N2N on 16 August 2023.

He holds a degree in Law from the University of Canterbury and was previously a Solicitor and Barrister of the High Court of New Zealand, and an Advocate and Solicitor of the High Court of Malaysia. He served as General Manager-Operations and Executive Director of Botly Securities Sdn Bhd, Corporate Finance Director of TA Bank of the Philippines Inc, the Director of TA Securities Philippines and TA Properties Development, Philippines Inc, Executive Director-Operations of TA Securities Holdings Berhad, Executive Director of TA Enterprise Berhad, Independent Non-Executive Director of TA Global Berhad, and Director of Talam Transform Berhad.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## CHUA KOK CHUAN

Solutions  
Architect

50

MALE

MALAYSIAN

joined N2N on 18 October 2021.

He holds a higher diploma in Software Engineering from the Asia Pacific Institute of Information Technology and served as Group Technical Consultant at Excel Force MSC Bhd, Application Specialist at Silverlake Mobility Ecosystem Sdn Bhd, Regional Head of Trading Applications at RHB Investment Bank Bhd, and Chief Technical Officer at Silverlake Digital INX Sdn Bhd.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## CHAN SEE WAI

Technical Director,  
Founder

51

MALE

MALAYSIAN

joined N2N on 2 January 2004.

He holds a bachelor's degree in Computer Science from the Western Michigan University and served as a Software Engineer at both the Federal Computer System Sdn Bhd and BASS Consulting Sdn Bhd.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## LOH TAI HAI

Head  
of Sales

51

MALE

MALAYSIAN

joined N2N on 1 December 2014.

He holds a Bachelor's Degree in Computer Science from the University of Manchester and served as Head Sales & Marketing at Excel Force MSC Bhd, Vice President Operations at Matrix Co. Ltd, Business Solutions Director at TrinityCruz Sdn Bhd, and Head of Sales & Pre-sales, Head of Consultant, Head of Development, Head of Application, Application Specialists, and Application Engineer at Patimas Computers Bhd.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

## LI KA FUK

Country  
Manager

49

MALE

CHINESE

joined N2N on 16 April 2015.

He holds a Bachelor's Degree in Engineering from the Chinese University of Hong Kong and served as a Project Manager, and Senior Manager at AFE Ltd, System Consultant at Sulcus Hospitality Ltd, Computing Officer at The Hong Kong Institution of Engineers, Project Manager at Systek Information Technology Ltd, and a Trader at Masterlink Securities Ltd.

He does not hold any directorships on the board of other public companies in Malaysia. There is no family relationship with any other directors or major shareholders of N2N. There is no conflict of interest or potential conflict of interest in any competing business with N2N or its subsidiaries. Within the last 5 years, he has not been convicted for any offences, other than traffic offences, if any.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises the importance of upholding high standards of corporate governance as envisioned by the Malaysian Code on Corporate Governance 2021 (“MCCG 2021” or “MCCG”), throughout its organisation. The Board further believes in adhering to such good practices in a responsible, accountable and transparent manner.

In its application of corporate governance practices, the Board is pleased to report hereunder, the Group has applied its corporate governance framework, in particular, the principles and practices as advocated by the MCCG 2021 throughout the financial year ended 31 December 2023.

This statement is to be read together with the Corporate Governance Report 2023 (“CG Report”) of N2N, which is available on our website at [www.n2nconnect.com](http://www.n2nconnect.com) and the website of Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com), as well as in the Annual Report & CG Report 2023 announcement on the website of Bursa Malaysia.

## Principle A: Board Leadership and Effectiveness

### Board’s Responsibilities And Duties

The Board’s principal role is to effectively promote the best interests of the Group with a view towards enhancing shareholders’ and stakeholders’ values. In this regard, the Board oversees and evaluates the Group’s strategies, policies and performance to ensure the delivery of such values.

The Board assumes, inter alia the following principal responsibilities:

- Reviewing and adopting a strategic plan for the Group, including its goals and ensuring that the strategic plan of the Group supports long-

term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability;

- Establishing policies for strengthening the performance of the Group, including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products, and the development of its business capital;
- Identifying principal risks, setting the risk appetite which the Board expects the Management to operate within, ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks, and implementing a sound framework for internal controls and risk management;
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Outlining and taking the necessary measures to protect the Group’s financial position and its ability to meet its debts and other obligations when they fall due;
- Confirming that the Group’s financial statements are true and fair and conform with any applicable laws and/or regulations; and
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour.

The Board is responsible for, amongst others, the development of corporate objectives and the review and approval of corporate plans, overseeing the conduct of the Group’s business,

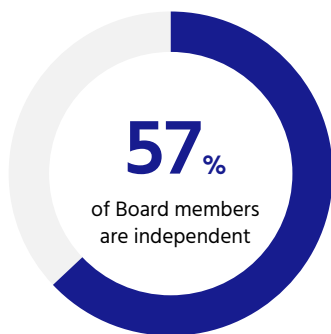
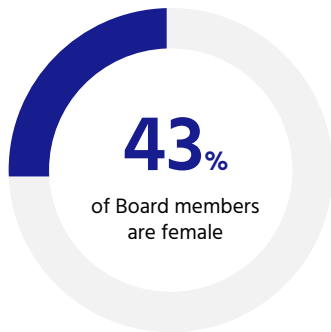
acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions, and changes to the management and control structure within the Group including key risk management, treasury, financial and operational policies, and delegated authority limits.

### Board Composition

The Group is led and controlled by an effective Board consisting of professionals and competent individuals of calibre with diverse backgrounds, expertise and experience in various fields relevant to the Group’s business activities and strategic development.

The Board currently consists of seven members; one Independent Non-Executive Chairman, two Executive Directors, three Independent Non-Executive Directors, and one Non-Independent Non-Executive Director.

The Board is in compliance with the ACE Market Listing Requirements.



### Duration of directors on the board

Board Tenure	
0 – 4 years	3 icons
4 – 9 years	1 icon
8+ years	3 icons

### The Chairman and Managing Director

The roles of the Chairman and Managing Director are separate and clearly defined, with the division of responsibilities set out in writing and agreed by the Board.

The Chairman of the Board focuses on the achievement of the Group’s strategic vision and also leads the Board in ensuring its effectiveness.

The Chairman is primarily responsible for the following:

- To ensure the effective conduct of the Board’s function and meetings;
- To ensure effective contribution of all Directors at board meetings; and
- To ensure effective and respectful communication between Directors and between the Board and its shareholders.

The Managing Director focuses on managing the Group’s business activities and day-to-day operations and is responsible for the following:

- To ensure effective implementation of the Board’s strategic decisions;
- To ensure efficient and effective operation of the Group;
- To ensure that business opportunities are of potential benefit to the Group; and

- To bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

### Supply and Access to Information

Prior to each board meeting, the agenda and a set of board papers encompassing qualitative and quantitative information relevant to the business of the meeting are usually circulated to the Directors at least 5 working days prior to the meeting dates. This enables the Directors to have sufficient time to peruse the board papers and seek clarification or further details from the Management or the Company Secretaries before each meeting to ensure readiness for meetings. Any director may request to have matters included in the agenda.

In the event of presentations or briefings by the Management or relevant external advisors during board meetings, relevant information and clarification are provided to the Board to assist in decision-making.

The Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretaries and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. In addition, the Board may seek independent professional advice when necessary in furtherance of their duties.

### The Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to N2N's Constitution, Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance, and legislations.

N2N is supported by two qualified and competent company secretaries. Both company secretaries

are qualified Chartered Secretaries under the Companies Act 2016 and are members of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are external company secretaries from Esprit Management Services Sdn. Bhd. with vast knowledge and experience in public practice and are supported by a dedicated team of company secretarial personnel.

The Company Secretaries ensure that discussions and deliberations at the Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management for appropriate action.

### Board Meetings and Attendance

The Board meetings, together with the Board Committee meetings for the financial year ended 31 December 2023, were pre-scheduled in November 2022 to facilitate the Directors in planning ahead and incorporating the meetings into their respective schedules. This also serves to provide the members with ample notice about the meetings.

A total of five (5) meetings were held during the year to discuss and decide among others, quarterly financial results, performance reports and various other matters.

The reports of the Audit Committee and Nomination and Remuneration Committees are also presented and deliberated at board meetings. The minutes of each board meeting are circulated in a timely manner. All proceedings of the Board meetings are duly recorded in the minutes of each meeting and signed minutes of each meeting are kept by the Company Secretary. Minutes of the board meeting are tabled for confirmation in the next board meeting.

The following table details the attendance record of the Directors at board meetings during the financial year ended 31 December 2023:

Name of Director	Designation	BOD
Chua Hock Seng	Independent Non-Executive Chairman	5/5
Tiang Boon Hwa	Managing Director	5/5
Lai Su Ping	Executive Director	5/5
Elaine Foong Sooi Jade	Independent Non-Executive Director	5/5
Goh Ching Chee	Independent Non-Executive Director	5/5
Dato' Sim Kia Ju	Independent Non-Executive Director	5/5
Jiang, Jianfeng <sup>1</sup>	Non-Independent Non-Executive Director	5/5
Lin, Lin <sup>2</sup>	Non-Independent Non-Executive Director	-

<sup>1</sup>Jiang, Jianfeng resigned on 23 November 2023.

<sup>2</sup>Lin, Lin was appointed on 23 November 2023.

## Directors' Re-Election and Re-Appointment

The Nomination and Remuneration Committee is responsible for recommending to the Board, directors who are standing for re-election at the annual general meeting pursuant to Clause 103 and 110 of N2N's Constitution. In accordance with the Clause 103 of N2N's Constitution, one-third of the Board, including the Managing Director, shall retire and is subject to re-election and each Director shall stand for re-election at least once every three (3) years. Clause 110 of N2N's Constitution provides that any Director appointed to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Directors' rotation list was presented to the Nomination and Remuneration Committee for endorsement prior to recommendation to the Board and thereafter to the shareholders for approval. In assessing the candidates, the Nomination and Remuneration Committee takes into consideration on their attributes, competencies, commitment, personality, and qualities, as well as their contribution and performance based on the Board Effectiveness Assessment.

## Board Effectiveness Assessment

An assessment of the effectiveness of the Independent Directors, Executive Directors, Board Committees and the Board as a whole, is carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of Nomination and Remuneration Committee oversees the overall evaluation process, and the responses are analysed by the NRC before being tabled and discussed at the Board level.

Mr. Tiang	■	■	■	■
Mdm. Lai	■	■	■	■
Mr. Chua	■	■	■	■
Mdm. Elaine	■	■	■	■
Mr. Goh	■	■	■	■
Dato' Sim	■	■	■	■
Mdm. Lin	■	■	■	■

### EXPERTISE

■ Technology	■ Leadership
■ Finance	■ Global Business

## Directors' Development Programme

The Directors are encouraged to attend programmes and seminars to keep themselves abreast with the latest developments in the industry and market place to enable them to carry out their roles effectively as directors in discharging their responsibilities.

All Directors have attended the Mandatory Accreditation Programme as prescribed by

Bursa Securities. Apart from attending various conferences and seminars organised by external organisers, the Board also benefited from technical briefings which were conducted by in-house professionals. The Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which the Group operates.

The following table details the seminars and training programmes attended by the Directors during the financial year ended 31 December 2023:

Name of Director	Training(s) Attended in 2023
Chua Hock Seng	<ul style="list-style-type: none"> <li>Tax Budget 2024</li> <li>Sustainability</li> </ul>
Tiang Boon Hwa	<ul style="list-style-type: none"> <li>Post Budget Talk 2023 – What's In It For You?</li> <li>Tricor Tax &amp; 2023 Malaysian Budget</li> <li>Exploring Sustainable Investment Opportunities</li> <li>National Data Sharing Policy : The Data Democracy</li> <li>Update on Malaysia's Budget 2024</li> </ul>
Lai Su Ping	<ul style="list-style-type: none"> <li>Post Budget Talk 2023 – What's In It For You?</li> <li>Tricor Tax &amp; 2023 Malaysian Budget</li> <li>Exploring Sustainable Investment Opportunities</li> <li>National Data Sharing Policy : The Data Democracy</li> <li>Update on Malaysia's Budget 2024</li> </ul>
Elaine Foong Sooi Jade	<ul style="list-style-type: none"> <li>2024 Budget Proposals Update by Tricor</li> <li>Various webinars by MIA and ACCA</li> </ul>
Goh Ching Chee	<ul style="list-style-type: none"> <li>PWC Seminar on Tax Budget</li> <li>Companies Act 2016 – Practical Guide for Company Directors</li> </ul>
Dato' Sim Kia Ju	<ul style="list-style-type: none"> <li>Taxation and Budget</li> </ul>
Lin, Lin <sup>1</sup>	-

<sup>1</sup>Ms Lin, Lin, who was appointed as a Director on 23 November 2023, did not attend any trainings for the financial year ended 31 December 2023. She has attended the Mandatory Accreditation Programme for Directors' of Listed Companies on 13 and 14 March 2024.

## Nomination and Remuneration Committee Effectiveness Review and Performance

The Nomination and Remuneration Committee periodically reviews policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the

Group as well as skills and experience required of Directors and Senior Management. The Nomination and Remuneration Committee is objective, fair and transparent in its review process.

The Board is satisfied with the performance and effectiveness of the Nomination and Remuneration Committee in providing sound advice and recommendations to the Board.

- **Directors' Remuneration**

Our approach to remuneration is based on reward principles which aims to provide remuneration packages that fairly rewards the Executive Directors for the contribution they make to the Group, having regard to the size and complexity of the Group's business operations and the need to attract, retain and motivate executives of the highest quality.

The Board has established a formal and transparent Directors' Remuneration Framework which comprise retainer fees, meeting allowances and benefits in-kind.

The Group also reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties as Directors.

The remuneration package for the Executive Directors of the Group is balanced between fixed and performance-linked elements. The current remuneration policy of the Executive Directors consists of basic salary, performance linked bonus, benefits in-kind, EPF contributions and share awards/share options respectively based on the recommendation of the Nomination and Remuneration Committee.

The Directors' remuneration for the financial year ended 31 December 2023 are broadly categorised into the following bands:

	Fees (RM)	Salaries and Bonus (RM)	Defined Contribution Plan (RM)	Allowance (RM)	Total (RM)
<b>Group</b>					
<b>Non-Executive Directors</b>					
Chua Hock Seng	134,925	-	-	3,000	137,925
Elaine Foong Sooi Jade	134,925	-	-	3,000	137,925
Goh Ching Chee	134,925	-	-	3,000	137,925
Dato Sim' Kia Ju	134,925	-	-	3,000	137,925
Jiang, Jianfeng	-	-	-	-	-
Lin, Lin	-	-	-	-	-
<b>Executive Directors</b>					
Tiang Boon Hwa	134,925	5,240,293	28,650	-	5,403,868
Lai Su Ping	134,925	1,013,274	19,877	-	1,168,076
<b>Total</b>	<b>809,550</b>	<b>6,253,567</b>	<b>48,527</b>	<b>12,000</b>	<b>7,123,644</b>
<b>Company</b>					
<b>Non-Executive Directors</b>					
Chua Hock Seng	134,925	-	-	3,000	137,925
Elaine Foong Sooi Jade	134,925	-	-	3,000	137,925
Goh Ching Chee	134,925	-	-	3,000	137,925
Dato Sim' Kia Ju	134,925	-	-	3,000	137,925
Jiang, Jianfeng	-	-	-	-	-
Lin, Lin	-	-	-	-	-
<b>Executive Directors</b>					
Tiang Boon Hwa	134,925	161,668	371	-	296,964
Lai Su Ping	134,925	155,369	19,877	-	310,171
<b>Total</b>	<b>809,550</b>	<b>317,037</b>	<b>20,248</b>	<b>12,000</b>	<b>1,158,835</b>

- **Senior Management Team's Remuneration**

The Senior Management Team's remuneration and rewards are linked to corporate and individuals performance. The performance is measured against the key performance indices set in accordance with the Group's annual budget and business plan.

For the financial year ended 31 December 2023, the remuneration for the top six senior management (other than the Executive Directors) was as follows:

Remuneration Range (RM)	Number of Senior Management
Below 250,000	1
250,001 – 300,000	1
350,001 – 400,000	2
550,001 – 600,000	1
1,100,001 – 1,150,000	1

## Board Committees

The Board has four committees: the Nomination and Remuneration Committee, the Audit Committee, Option Committee and Risk Management Committee.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises exclusively of the following Independent Non-Executive Directors:

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Dato' Sim Kia Ju <b>(Chairman)</b>
Elaine Foong Sooi Jade
Goh Ching Chee

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The Nomination and Remuneration Committee reviews the structure, size and composition of the Board and its Committees, endorses suitable candidates for appointment to the Board, and reviews the succession planning. Additionally, the Nomination and Remuneration Committee endorses the Group's directors' remuneration policy and framework. For more information,

please refer to Nomination and Remuneration Committee Statement on page 63.

- **Audit Committee**

The Audit Committee comprises exclusively of the following Independent Non-Executive Directors: The Audit Committee monitors the integrity of the Group's financial statements and announcements, the effectiveness of internal controls and risk management, as well as ensuring the quality and

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Elaine Foong Sooi Jade <b>(Chairman)</b>
Goh Ching Chee
Dato' Sim Kia Ju

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The Audit Committee monitors the integrity of the Group's financial statements and announcements, the effectiveness of internal controls and risk management, as well as ensuring the quality and independence of the external auditors and internal auditors. For more information, please refer to Audit Committee Report on page 60.

- **Option Committee**

The Option Committee comprises the following Directors and Chief Operating Officer:

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Lai Su Ping <b>(Chairman)</b>
Elaine Foong Sooi Jade
Chris Kok Wan Chun

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The Option Committee administers the Long-Term Incentive Plan/Employee Share Option Scheme and grant Options in accordance with the By-Laws, recommends to the Board to establish, amend, and revoke By-Laws, make rules and regulations to facilitate the implementation of the Long-Term Incentive Plan/Employee Share Option Scheme, determines all questions of policy and expediency and to construe and interpret the provisions contained in the By-Laws in the best interest of the Group and the Eligible Employees, and exercises such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Group and the Eligible Employees.

- **Risk Management Committee**

The Risk Management Committee comprises the following Directors:

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Goh Ching Chee (**Chairman**)

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Tiang Boon Hwa

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Elaine Foong Sooi Jade

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The Risk Management Committee looks at the effectiveness of the Group's risk management framework (for financial and non-financial risks) and supporting systems. This includes reviewing the Group's risk appetite, management's performance, changes that should be made to the risk management framework, key policies that support the risk management framework, material risks identified in the Group's risk profile, reports from management on new/emerging risks, monitors the management of the Group's data governance and information security risks, and reports in relation to material risk incidents or issues, reviewing the lessons learned, and monitor resolution and implementation of remedial actions as appropriate.

## Board Charter

The Board Charter sets out the roles and responsibilities of the Board, functions, composition, operations and processes of the Board.


The Board Charter is to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect of and on behalf of the Group.

The Board Charter shall be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of corporate governance, laws and/or regulations and reflects the Board's commitment to best practice in corporate governance.

 The Board Charter was last reviewed on 26 March 2024 and is made available on the Group's website at <https://www.n2nconnect.com/corporate-governance.html>.

## Code of Conduct

The Group, the Directors, the Management and employees firmly believe in creating a corporate culture to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Group has established a Code of Conduct for Directors and Employees. The Code of Conduct serves to outline the standards of business conduct and ethical behaviour which the Directors and employees should possess in discharging their duties and responsibilities.

 A copy of the Code of Conduct is available on the Group's website at <https://www.n2nconnect.com/corporate-governance.html>.

Additionally, the Group is committed towards preserving and protecting its interest and reputation at all times. The Group expects high standards of integrity and accountability from all employees. It is also intended to encourage and enable employees and others to raise concerns within the Group prior to seeking resolution outside the Group.

## Whistleblowing Policy

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

In line with this, N2N Group has adopted a Whistleblowing Policy to protect the values of transparency, integrity, impartiality and accountability wherever N2N conducts its business and affairs. This policy sets out the mechanism and framework by which all its stakeholders who

have dealing with the Group can confidently voice concerns or complaints in a responsible manner without fear of discriminatory treatment.

The Whistleblowing Policy also provides contact details of the Audit Committee Chairman and Managing Director to whom the whistleblowing report can be addressed.

 The Policy is available on the Group's website at <https://www.n2nconnect.com/corporate-governance.html>.

## Accountability and Audit

The Board is committed to provide a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Annual Reports and all other reports or statements to shareholders, investors and relevant regulatory authorities. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Statement of Directors' Responsibility, in respect of preparation of the annual audited financial statements, is set out on page 70 of this Annual Report.

The Directors are also responsible for safeguarding the assets of the Group and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## Principle B: Effective Audit and Risk Management

### Audit Committee

The Audit Committee of the Group comprises of three Independent Non-Executive Directors. The Audit Committee is chaired by Elaine Foong Sooi Jade. She is a fellow member of The Association of Chartered Certified Accountants, and a member of the Malaysian Institute of Accountants.

The composition of the Audit Committee is reviewed by the Nomination and Remuneration Committee and recommended to the Board for its approval annually. With the view to maintain an independent and effective Audit Committee, the Nomination and Remuneration Committee ensures that only an Independent Non-Executive Director who is financially literate and has strong understanding of the Group's business would be considered for membership on Audit Committee.

The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

### Risk Management and Internal Control Framework

The Board is responsible for establishing and maintaining a sound risk management and internal control system to ensure that the shareholders' investments and assets of the Group are safeguarded. The Board through its Audit Committee evaluates the adequacy and effectiveness of the internal control system by reviewing audit findings, recommendations of internal auditor, management responses and actions taken on lapses.

The details of the Group's internal control systems and risk management framework are detailed in the Statement on Risk Management and Internal Control of this Annual Report.

The Risk Management Committee played a crucial role in ensuring the effectiveness of the Group's risk management framework during the financial year ended 31 December 2023. The committee met in November August 2023 to thoroughly review and update the framework, taking into account current and potential risks facing the Group. Their efforts resulted in the implementation of sound plans to mitigate these risks and strengthen the Group's risk management system. The committee's work also involved monitoring the adequacy

and effectiveness of the internal control system, reviewing audit findings, and assessing the adequacy of management's response to control lapses. Through their diligent efforts, the Risk Management Committee provided valuable guidance and oversight to ensure that the Group's assets and shareholders' investments were safeguarded.

The Group continues to maintain and review its internal control procedures to ensure, as far as possible, its assets and its shareholders' investments are protected.

## Principal C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### Communication with Stakeholders

The Group recognises the importance of being accountable to its stakeholders and investors through maintenance of an open communication policy. In ensuring effective communication, the Group communicates with its stakeholders and investors through various means and forums such as the annual report, company visits, site visits, shareholders' meetings, exhibition and other Group activities.

Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder group. To ensure that shareholders and investors are well informed of major developments of the Group, information is disseminated to shareholders and investors through various disclosures and announcements to Bursa Securities which include quarterly financial results and press release from media.

Such disclosures and announcements, as well as information pertaining to corporate governance are also available on the Group's website at [www.n2nconnect.com](http://www.n2nconnect.com).

## Conduct of General Meetings

The annual general meeting is the principal forum for dialogue and interaction with its shareholders. To ensure effective participation of and engagement with shareholders at the annual general meeting, all members of the Board are present at the meeting to respond to the questions raised by the shareholders. The Management, Company Secretaries and external auditors of the Group are also present to respond to queries raised from the shareholders. The notice of the 22nd AGM was issued to shareholders more than 28 days before the annual general meeting date.

The Group had conducted its voting on all resolutions at the 22nd Annual General Meeting held on 25 May 2023 by polling in line with the ACE Market Listing Requirements. An independent scrutineer was appointed to oversee the proceedings of the polling.

The minutes of the said annual general meeting are accessible to the public for reference on the Group's website at <https://www.n2nconnect.com/general-meeting.html>.

This Corporate Governance Overview Statement was approved by the Board on 26 March 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Board is pleased to set out below the Board's Statement on Risk Management and Internal Control ("Statement") which is prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements, Malaysian Code on Corporate Governance 2021 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines"). This Statement outlines the nature and scope of risk management and internal control of the Group.

## Board Responsibility

The Board is responsible for overseeing the Group's risk management and internal control systems. The risk management and internal control systems cover the financial, operational, strategic, and compliance controls.

Presently, the Board uses the following review mechanism led by the Audit Committee and Risk Management Committee to oversee the effectiveness of the systems of risk management and internal control in the Group:

- Reviews of financial information and reports based on the interim financial results, audited financial statements, and annual report presented by the Management. At the same time, the Audit Committee seeks feedback from the External Auditors on risk and control related to the financial statements before and after the completion of the annual statutory financial audit;
- Reviews of the audit findings, including recommended corrective and improvement actions based on the internal audit findings

presented by the Internal Auditors. The Management is present during the Audit Committee meetings to discuss the deadline for implementing these actions. Subsequently, the Internal Auditors conduct follow-up reviews and report on the status of implementation to the Audit Committee.

- Management brief the Board during board meetings on business and operational matters. This briefing enables the Board to obtain clarification from the Management on their action plans for mitigating and managing ongoing challenges; and
- Provision of annual management assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material respects.

## Risk Management

The Group has identified and actively manages its key risks through the implementation of appropriate frameworks and controls.

### • Information Security Risk

Information security risk is the inherent and principal risk of the Group. In order to manage this risk, N2N and its subsidiaries, N2N Global Solutions Sdn. Bhd. and NGN Connection Sdn. Bhd., have implemented ISO 27001:2013 on Information Security Management System (ISMS), setting the foundation of information security controls for the data centre, software development, operation support and helpdesk, and the quality assurance processes.

The ISMS also outlines risk identification processes, determining mitigation controls,

risk treatment plans, periodic review, and revision of risk management practices. These processes are in line with the international risk management framework principles. Annually, a surveillance audit by an external certification body is carried out to ascertain the integrity of this management system.

- **Retention of Talents**

Retaining and attracting talents is always a challenge for the IT industry. The Group continues to manage this risk by offering fair and competitive remuneration scheme to employees and providing executives with share option schemes to incentivise and retain competent employees.

- **Economic Risk**

Malaysia's economic expansion is still vulnerable to the possibility of a deepened geopolitical tensions and tightening of monetary policies to address inflation. The increasing risk of a worldwide slowdown could affect the stock market performance negatively and impact the Group's revenue performance.

On the other hand, the economy of Hong Kong SAR, China is being driven by the removal of anti-epidemic measures and resumption of normal travel, though the challenges lie within the external environment amid deepening geopolitical tensions and tightening of financial conditions which constrained the pace of recovery. The Group remains resilient even with the growth momentum slowing down, but soften by to the possibility of interest rates cut later in the year.

- **Intellectual Property Risk**

The Group's Intellectual Property consist of work product source codes, trademarks, and copyrights.

Besides protecting these Intellectual Property with legal measures, operationally the Management has also safeguarded the

controls on IP by segregating and restricting the source code development and access, and tightening the employment terms.

## Key Internal Control

In addition to the above processes, the Group derives its assurance on the state of internal control and risk management from the following procedures, information and review mechanisms:

- Defined organisational structure with lines of authority, accountability, and responsibilities of the Management team;
- Preparation of annual sales plan, financial plan, and product and development plan during the annual management bootcamp by senior management of the respective subsidiaries;
- Monitoring of the Group's performance and monthly management accounts with division and business unit heads. The Managing Director, Executive Directors and senior management review and deliberate the Group's financial performance, business initiatives and other management and corporate issues;
- Board oversight on the integrity of audit matters and financial reporting, and review and approval of material capital and investment opportunities proposed by the Managing Director and Key Senior Management;
- Employee performance management system, and development;
- Potential exposure resulting from IT security operations, data centre activities, fire, directors and officers liability, and public liability are insured;
- On-going clients' surveillance audit and reviews;
- Adoption and implementation of Anti-Bribery and Anti-Corruption ("ABAC") Policy and whistleblowing policies to all management and staff in N2N Group. With the view of

raising awareness and to emphasise on the importance of any potential conflict of interest; and

- Implementation of the Conflict of Interest Policy for directors in July 2021. The purpose of this policy is to assist the members of the Board in identifying, disclosing and managing any actual or potential conflicts of interest.
- Adoption of Enterprise Risk Management (“ERM”) Policy and Framework as a tool to monitor and to manage N2N’s key risk on a continuous basis.

### Internal Audit Function

N2N has outsourced its internal audit function to an internal audit consulting firm. The Internal Auditors have carried out its internal audit work with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

Functionally, the Internal Auditors carry out their work based on the approved internal audit plan and report to the Audit Committee independently and directly. Further details of the internal audit activities are reported in the Audit Committee Report on page 60.

The total cost incurred on internal audit for the financial year ended 31 December 2023 was RM84,000.

### Management Responsibilities and Assurance

Pursuant to the Bursa Securities Guidelines, the Management bears the responsibility of identifying risks, establishing and maintaining effective systems of risk management and internal control, and reporting significant control deficiencies and changes in risk that may have a material impact on the Group’s ability to achieve its objectives and performance to the Board.

The Board has constituted a Risk Management Committee, which is primarily responsible for supervising the development and implementation of risk management frameworks across the Group. The Committee is tasked with reviewing and ensuring the sufficiency of risk management policies and processes to facilitate the successful execution of risk mitigation strategies and action plans.

The Board has received assurance from the Managing Director, Chief Operating Officer and Chief Legal & Finance Officer, who are responsible for the financial management of N2N, that the Group’s risk management and internal control system are operating adequately and effectively in all material respect.

### Board Assurance and Limitation

The Board has exercised diligent oversight over the risk management and internal control systems and has found no significant weaknesses that have resulted in material losses to the Group during the financial year under review, up to and including the date of approval of this Statement.

The Board recognises the importance of continuously enhancing the Group’s risk management and internal control systems to align with the evolving nature of the business and the dynamic operating environment. As part of the commitment to continuous improvement, appropriate action plans will be put in place to strengthen these systems further.

It is essential to note that risk management and internal control systems can only manage, not eliminate, risks associated with the achievement of business objectives. Therefore, the systems in place can only provide reasonable, but not absolute, assurance against material misstatements, frauds, and losses.

It should be highlighted that this Statement does not cover the risk management and internal control systems of OurMoneyMarket Holdings Pty Ltd, an associated fintech company incorporated in Australia that offers a platform for Peer-to-Peer lending arrangements. Control over this associated

company is currently maintained through board representation and a joint decision-making process.

## **Review by External Auditors**

Pursuant to Rule 15.23 of the ACE Market Listing Requirements, the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2023. Their review was performed in accordance with the Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statements on Risk Management and Internal Control included in the Annual Report.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted reviewing the adequacy and integrity of risk management and internal control of the Group.

This Statement is made under the resolution and approval of the Board dated 26 March 2024.

# AUDIT COMMITTEE REPORT

## Members

The Audit Committee of N2N is comprised of the following three members, all of whom are Independent Non-Executive Directors:

---

Elaine Foong Sooi Jade (**Chairman**)

---

Goh Ching Chee

---

Dato' Sim Kia Ju

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In accordance with Paragraph 15.09 (1) of the ACE Market Listing Requirements, the Chairman of the Audit Committee, Elaine Foong Sooi Jade, is a fellow member of The Association of Chartered Certified Accountants, and a member of the Malaysian Institute of Accountants.

The Audit Committee is not comprised of any Alternate Director.

## Meeting attendance

The following table details the total number of meetings attended by the members during the financial year ended 31 December 2023:

Name of Director	Attendance
Elaine Foong Sooi Jade	5/5
Goh Ching Chee	5/5
Dato' Sim Kia Ju	5/5

All meetings were convened with proper notices and agenda, and were distributed to the members with sufficient notification. During the meetings, all deliberations were recorded, and minutes were tabled for confirmation at every succeeding meeting and subsequently presented to the Board for notation.

The Committee also invited the Executive Directors and the Management to attend the meetings in order to keep abreast of matters and issues pertaining to the Group. The Chairman also conveyed to the Board matters of significant concern as and when raised by the Internal Auditors or External Auditors.

## Summary of Activities and Work of the Audit Committee

During the financial year ended 31 December 2023, the Audit Committee had discharged its duties and responsibilities as set out in its Terms of Reference as follows:

### Financial Reporting

- Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval.
- Discussed with the Management and External Auditors on the financial reporting standards that were applied, including the judgements exercised in the application of those standards that may affect the financial statements as well as issues arising from the statutory audit.
- Reviewed the audited financial statements of the Group for the financial year ended 31 December 2022 together with the Management and the External Auditors to ensure that it presented a true and fair view of the Group's financial position and performance for the year, and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

## External Audit

- Evaluated the performance, suitability and independence of the External Auditors. The External Auditors had provided a declaration of independence and their compliance with the relevant ethical requirements regarding professional independence. Being satisfied with the performance, suitability and the audit independence of the External Auditors, the Audit Committee had recommended to the Board to re-appoint HLB Ler Lum Chew PLT as External Auditors of the Group.
- Reviewed with the External Auditors, the audit status reports, results of the annual audited financial statements, management letter and Management's response to the findings of the External Auditors, and also the Auditors' report to the shareholders.
- Reviewed with the External Auditor, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed with the External Auditors, the statutory audit plan for the financial year ended 31 December 2023 and the proposed audit fees by the External Auditors.

## Internal Audit

- Reviewed the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Deliberated on the change of Internal Auditor and the appointment of a new Internal Auditor.
- Reviewed the Internal Audit Plan for 2023 tabled by the Internal Auditor.

## Other Activity

- Reviewed and recommended to the Board for approval, the Audit Committee Report and Statement on Risk Management and Internal Control for the Annual Report.
- Reviewed the Statement on Allocation of Options Under the Long Term Incentive Plan ("LTIP").

In order to discharge the above duties and responsibilities of the Audit Committee effectively, various seminars, training programs and conferences were attended by its members during the financial year. The Audit Committee was also briefed by the External Auditors on the latest accounting standards applicable to the Group. The list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

## Internal Audit Function

The Group does not have its own in-house Internal Audit function. All internal audit functions are outsourced to an independent professional service firm, to assist in discharging its duties and responsibilities. During the financial year, the Group Internal Audit was carried out by Tricor Axcelasia Sdn Bhd.

All Internal audit work is carried out with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors ("IIA"). These principles include the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

The engagement is headed by Tricor Axcelasia Sdn Bhd's Executive Director, Mr. Chang Ming Chew, who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Professional Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a member of the Association of Chartered Certified Accountants, United Kingdom. Mr.

Chang is a Certified Information Systems Auditor (CISA), Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The engaged team members are independent of the activities of the Group and are free from conditions that may threaten their ability to carry out responsibilities in an unbiased manner or which may impair objectivity.

The principal responsibility of the Internal Auditors is to review the key controls and its adequacy in responding to risks within the organisation's governance, operations and information system, assess principal risks and plans of action to address these risks, and to recommend improvements to the existing systems and controls. In addition, the Internal Auditors perform follow-ups on outstanding issues arising from prior audits. The audit scope has been determined based on the risk assessment conducted by the management of the Group and prioritised according to the risk magnitude.

A summary of work of the internal audit function for the financial year ended 31 December 2023 covered the following areas:

- User Access Control
- Human Resource Management
- Software Development Controls of N2N-AFE
- IT Disaster Recovery (Malaysia and Hong Kong)
- Billing Management (Malaysia business units)
- IT Service Contract Compliance (Malaysia)

The Internal Audit Reports presented to the Audit Committee contains the conclusion of control status, overview of management performance, audit findings, recommendation for improvement, management response and target completion date.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2023 was approximately RM84,000.

## Terms of Reference of The Audit Committee

[🔗](https://n2nconnect.com/corporate-governance.html) The terms of reference of the Audit Committee is available at [n2nconnect.com/corporate-governance.html](https://n2nconnect.com/corporate-governance.html)

# NOMINATION & REMUNERATION COMMITTEE STATEMENT

## Members

The Nomination and Remuneration Committee Statement is comprised of the following three members, all of whom are Independent Non-Executive Directors.

---

Dato' Sim Kia Ju **(Chairman)**

---

Elaine Foong Sooi Jade

---

Goh Ching Chee

---

During the financial year ended 31 December 2023, two Nomination and Remuneration Committee Meetings were held.

## Meeting attendance

The following table details the total number of meetings attended by the members during the financial year ended 31 December 2023:

	Attendance
Dato' Sim Kia Ju	2/2
Elaine Foong Sooi Jade	2/2
Goh Ching Chee	2/2

## Membership

- The Committee and its Chairman shall be appointed by the Board from amongst its number and shall comprise not less than two (2) members, consisting exclusively of non-executive directors, a majority of whom are independent; and
- The Chairman shall be an Independent Director or the Senior Independent Director, where such person has been appointed / identified by the Board.

## Meetings

- Meetings shall be held at least once (1) a year with a minimum quorum of two (2) members. Additional meetings may be called at any time at the discretion of the Chairman of the Committee;
- Directors, whether Executive or Non-Executive, should not participate in decisions on their own remuneration packages;
- Directors should not participate in the deliberation and decision on their own re-election/reappointment;
- The Company Secretary shall be the Secretary of the Committee;
- The proceedings and deliberations of each Committee meeting shall be reported to the Board by the Chairperson of the Committee; and
- The minutes of each Committee meeting shall be circulated to the Board.

## Authority

The Committee is authorized by the Board to obtain independent professional or other advice at the Group's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.

## Duties and Responsibilities

The Committee shall have the following duties and responsibilities, in addition to any others that may be assigned by the Board from time to time:

- Review the required mix of skills, experience,

independence, diversity and other qualities, including core competencies which Directors (both Executive and Non-Executive) should bring to the Board;

- Recommend to the Board, candidates for all directorship to be filled;
- Recommend to the Board, the candidates to fill the seats on Board Committees;
- Examine the size of the Board with a view to determine the impact of the number upon its effectiveness;
- Assess the effectiveness of the Board as a whole, the Committees of the Board, and the contributions of each individual Director;
- Review the term of office and performance of Audit Committee and each of its members to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference; and
- Review and recommend to the Board, the annual remuneration package of each individual Director (both Executive and Non-Executive) of the Group, such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully.

The Committee's focus is on strengthening, balancing and understanding the range of skills, experience and diversity of the Board. The Committee is responsible for making recommendations to the Board on the composition of the Board and its Committees, on retirements, appointments of additional and replacement directors and on succession planning.

## Policy on Board Composition

The policy on the Board's composition is disclosed in the Board Charter.

The Board does not have any gender diversity policies and targets or any set measures to meet any target. Nevertheless, the Group is an equal

opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender bias.

## Policy on Remunerating the Board

The Committee will take into consideration the following criteria when reviewing and recommending remuneration packages for the Executive Directors and Non-Executive Directors:

- Director's fiduciary duties
- Time commitments
- Group's performances

The director fees shall be recommended to be approved by an Ordinary Resolution of N2N in a general meeting.

Non-Independent Non-Executive Directors representing corporate investors are not entitled to director fees.

The review of the Directors' remuneration will be carried out by the Nomination and Remuneration Committee on an annual basis for the approval of the Board. For the financial year ended 31 December 2023, the Committee reviewed the following:

- The Directors' fees for the financial year ended 31 December 2023;
- The benefits payable to the Directors from 1 January 2023 to the next Annual General Meeting in 2024; and
- Performance related bonus for the year 2022 and remuneration package for the Managing Director and Executive Director for the year 2023.

## Board Election Process

The key steps in the process are as follows:

- The Committee considers the knowledge and experience required for the role, taking into

account the strategy of the Group and its businesses as well as the criteria set by the Board;

- The Committee evaluates the potential candidates based on the identified requirements; and
- The Committee recommends the shortlisted candidate for the Board's approval.

## Assessment

For the financial year ended 31 December 2023, the Committee had reviewed the results of the assessment of the Board as a whole and of each individual Director. The result of the assessment was used as a guide to evaluate and review the composition and effectiveness of the Independent Directors, Executive Directors and Board Committee Members. The assessment of the Board and Directors were based on the following criteria:

### Individual Director

- Understanding of role and responsibility
- Time commitment and dedication
- Understanding of the Group's business
- Independence
- Courtesy
- Self-development
- Contribution and participation in board discussion and decision making

### Board as a Whole

- Board structure
- Conduct of meetings
- Corporate strategy and planning
- Risk management and internal control
- Performance measurement and monitoring
- Recruitment and evaluation
- Compensation
- Financial reporting
- Shareholder communication

## Assessment of Training Needs

The Committee has reviewed and assessed the trainings attended by the Directors for the financial year ended 31 December 2023, and have determined that the trainings attended were adequate.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:

- Ensure the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- Ensure that applicable approved accounting standards have been followed;
- Where applicable, judgments and estimates are made on a reasonable and prudent basis; and
- Upon due inquiry into the state of affairs of N2N, there are no material matters that may affect the ability of N2N to continue in business on a going concern basis.

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Group maintains accounting records that disclose with reasonable accuracy the financial position of the Group, and which enable the Board to ensure the financial statements comply with the Company Act 2016.

The Board has taken the necessary steps that are reasonably available to the Board to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

# ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

## Share Buy-Back, Resale and Cancellation

During the financial year ended December 31, 2023, there were no share buy-back, resale or cancellation of treasury shares.

## Options, Warrants and Convertible Securities

On 9 January 2019, 140,089,954 warrants were issued for free to entitled shareholders of the Company on the basis of 1 warrant for every 4 existing ordinary shares at an exercise price of RM0.83. No warrants were exercised during the financial year ended 31 December 2023. The number of warrants issued but not exercised as at 31 December 2023 was 140,089,694. The warrants expired on 8 January 2024.

Other than the above, there are no other options, warrants or convertible securities issued by N2N during the financial year in review.

## Long-Term Incentive Plan / Employee Share Option Scheme

On 12 December 2018, the shareholders approved a Long-Term Incentive Plan of up to 15% of the total number of issued shares of N2N (excluding treasury shares, if any) for eligible employees of the Group.

The following table details the total number of Long-Term Incentive Plan units granted, vested and outstanding since its commencement until the financial year ended 31 December 2023:

### Granted to the Group

	Long-Term Incentive Plan (units)
Total number granted	50,000,000
Total number lapsed/ cancelled/opted out	39,477,500
Total number outstanding	10,522,500

### Granted to Senior Management

	Long-Term Incentive Plan (units)
Total number granted	2,475,000
Total number outstanding	2,475,000

In accordance with the By-Laws for the Long-Term Incentive Plan, the total number of shares which may be issued to eligible participants, including Senior Management of N2N, shall not exceed the aggregate of 15% of N2N's total number of issued shares. As of FY23, the number of Long-Term Incentive Plan units granted to Senior Management represented 4.95% of the total number of Long-Term Incentive Plan units granted.

There were no Long-Term Incentive Plan units granted to the Directors. There was no exercise of the options granted during the financial year.

## Non-Audit Fees

During the financial year ended 31 December 2023, the External Auditors have rendered non-audit services to the Group. The fees paid or payable to the External Auditors are as follows:

No.	Non-Audit Services	Amount(RM)
1	Review on Statement on Risk Management and Internal Control	5,000
2	Professional fee in connection with the submission of Return of Net Revenue from Designated Services for the year 2023 to Malaysia Communications and Multimedia Commission	12,000

## Material Contract

There were no material contracts involving directors and substantial shareholders during the financial year in review.

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**N2N CONNECT BERHAD**

(Incorporated in Malaysia)

**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 December 2023.

**Principal Activities**

The principal activities of the Company are investment holding, carrying on the business as researcher and developer of software packages, provider of design, programming, consultancy services and related activities.

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

There have been no significant changes in the nature of these activities during the financial year.

**Financial Results**

	<b>Group (RM)</b>	<b>Company (RM)</b>
Profit for the financial year attributable to:		
- Owners of the Company	14,056,988	28,570,676
- Non-controlling interests	(324,734)	-
	<u>13,732,254</u>	<u>28,570,676</u>

**Dividends**

Since the end of the previous financial year, the Company:

- (a) paid a second interim single-tier dividend of 1 sen per share amounting to RM5,582,042 in respect of the financial year ended 31 December 2022 on 30 March 2023.
- (b) paid a first interim single-tier dividend of 1 sen per share amounting to RM5,582,042 in respect of the financial year ended 31 December 2023 on 29 September 2023.
- (c) declared a second interim single-tier dividend of 1 sen per share amounting to RM5,582,042 in respect of the financial year ended 31 December 2023 on 26 February 2024, which the payment will be made on 29 March 2024.

The financial statements for the current financial year do not reflect the effects of the second interim single-tier dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2023.

**Reserves and Provisions**

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

**Issue of Shares and Debentures**

There were no issuances of shares or debentures by the Company during the financial year under review.

**Warrants 2019/2024**

On 15 January 2019, the Company issued 140,089,954 Warrants 2019/2024 (“Warrants”) at an exercise price of RM0.83 each pursuant to a bonus issue of one warrant for every four existing ordinary shares held in the Company. During the financial year, no Warrants were exercised. As at 31 December 2023, there was a total of 140,089,694 (2022: 140,089,694) unexercised Warrants.

The Warrants 2019/2024 expired on 8 January 2024 and the remaining 140,089,694 unexercised warrants had lapsed.

The salient features of the Warrants are disclosed in Note 18 to the financial statements.

**Long Term Incentive Plan**

On 12 December 2018, the shareholders of the Company approved the Long-Term Incentive Plan (“LTIP”) comprise of Employee Share Grant Plan and Employee Share Option Plan to the Executive Directors, senior management and eligible employees of the N2N Connect Berhad and its subsidiary companies (excluding subsidiary companies which are dormant) and the LTIP was implemented on 1 May 2020.

The salient features and terms of the LTIP are disclosed in Note 22 to the financial statements.

## Directors

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

Tiang Boon Hwa	
Lai Su Ping	
Elaine Foong Sooi Jade	
Goh Ching Chee	
Chua Hock Seng	
Dato' Sim Kia Ju	
Lin, Lin	(Appointed on 23 November 2023)
Jiang, Jianfeng	(Resigned on 23 November 2023)

The names of Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part thereof.

## Directors' Interests in Shares or Debentures

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

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Acquired	Disposed	
<b>Interest in the Company:</b>				
<b>N2N Connect Berhad</b>				
Direct interest				
Tiang Boon Hwa	17,421,033	-	-	17,421,033
Lai Su Ping	18,040,857	-	-	18,040,857
Goh Ching Chee	6,630,800	-	-	6,630,800
Indirect interest				
Tiang Boon Hwa <sup>1</sup>	109,662,952	-	-	109,662,952
Lai Su Ping <sup>2</sup>	109,043,128	-	-	109,043,128

**Directors' Interests in Shares or Debentures (Continued)**

	<b>Number of warrants 2019/2024</b>			<b>At 31.12.2023</b>
	<b>At 1.1.2023</b>	<b>Acquired</b>	<b>Disposed</b>	
<b>Interest in the Company:</b>				
<b>N2N Connect Berhad</b>				
Direct interest				
Tiang Boon Hwa	4,355,257	-	-	4,355,257
Lai Su Ping	4,510,214	-	-	4,510,214
Goh Ching Chee	3,315,200	-	-	3,315,200
Indirect interest				
Tiang Boon Hwa <sup>1</sup>	27,415,737	-	-	27,415,737
Lai Su Ping <sup>2</sup>	27,260,780	-	-	27,260,780
Chua Hock Seng <sup>3</sup>	20,000	-	-	20,000

## Notes:

- 1 *Deemed interest through his spouse's direct interest in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016 and his direct interest in N2N Connect Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*
- 2 *Deemed interest through her spouse's direct interest in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016 and her direct interest in N2N Connect Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*
- 3 *Deemed interest through his spouse's direct interest in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016.*

By virtue of their interests in the shares of the Company, Tiang Boon Hwa, Lai Su Ping, Goh Ching Chee and Chua Hock Seng are also deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Elaine Foong Sooi Jade, Dato' Sim Kia Ju and Lin, Lin who held office at the end of the financial year do not have any interest in shares or debentures in the Company or its subsidiaries during the financial year under review.

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company or its subsidiary companies a party to any arrangement the object of which is to enable the 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.

### Directors' Remuneration

Directors' remuneration is as follows:	<b>2023</b>
	<b>RM</b>
Directors' remuneration:	
- fees	809,550
- salaries and other emoluments	6,265,567
- defined contribution plan	48,527
	<hr/>
	7,123,644
	<hr/>

### Subsidiary Companies

Details of subsidiary companies are disclosed in Note 6 to the financial statements.

### Auditors' Remuneration

Auditors' remuneration is as follows:	<b>2023</b>
	<b>RM</b>
HLB Ler Lum Chew PLT:	
- Statutory audit	137,500
- Other services	17,000
	<hr/>
	154,000
	<hr/>

**Indemnity and Insurance Costs**

During the financial year, the total amount of insurance premium paid for the Directors and officers was RM4,986.

**Other Statutory Information**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) any amount stated in the financial statements of the Group and of the Company misleading.
- (c) No contingent or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

**Other Statutory Information (Continued)**

- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**Subsequent Event**

Details of the subsequent event is disclosed in Note 37 to the financial statements.

**Auditors**

The auditors, HLB Ler Lum Chew PLT (201906002362 & AF0276), have expressed their willingness to accept re-appointment.

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

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TIANG BOON HWA

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LAI SU PING

KUALA LUMPUR

**N2N CONNECT BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

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

We, TIANG BOON HWA and LAI SU PING, being two of the Directors of N2N CONNECT BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 85 to 176 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

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TIANG BOON HWA

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LAI SU PING

KUALA LUMPUR

**STATUTORY DECLARATION**

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

I, TIANG BOON HWA, being the Director primarily responsible for the financial management of N2N CONNECT BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 85 to 176 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the above named TIANG BOON HWA )  
at KUALA LUMPUR )  
on this date of )

\_\_\_\_\_  
TIANG BOON HWA

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS

Registration No.: 200001020530 (523137-K)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF N2N CONNECT BERHAD**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of N2N Connect Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 85 to 176.

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

#### **Basic for Opinion**

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

#### **Independence and Other Ethical Responsibilities**

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

Registration No.: 200001020530 (523137-K)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF N2N CONNECT BERHAD (CONTINUED)**

### **Key Audit Matters**

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

1. Goodwill impairment assessment (Refer to Note 2.3(i), Note 2.4(e)(i) and Note 8 to the financial statements)

#### The risk

As at 31 December 2023, the Group recognised goodwill amounting to RM60,564,473 arising from the acquisition of N2N-AFE (Hong Kong) Limited ("N2N-AFE").

Pursuant to MFRS 136 "Impairment of Assets", the Group is required to perform annual impairment assessment on its goodwill. The Group estimated the recoverable amount of the cash-generating unit ("CGU") to which goodwill is allocated based on its value-in-use ("VIU").

In view of the significant carrying amount of the CGU (including goodwill), coupled with the complexity and subjectivity of the assumption involved in the annual impairment test, we consider this to be an audit focus.

#### How our audit addressed the key audit matter

We evaluated management's impairment assessment and the process by which they were developed and its oversight of the impairment assessment by the Board of Directors.

We challenged assumptions used in the impairment assessment model which, amongst others, include:

- forecast revenue;
- forecast cost of sales and operating costs;
- forecast capital expenditure; and
- discount rates.

Sensitivity analysis was performed on key assumptions used by management and we assessed the impact on the recoverable amount of the goodwill within a reasonable range.

Registration No.: 200001020530 (523137-K)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF N2N CONNECT BERHAD (CONTINUED)**

### **Key Audit Matters (Continued)**

2. Revenue recognition (Refer to Note 2.4(m) and Note 25 to the financial statements)

#### The risk

We focused on this area because there is an inherent risk over the accuracy of application solutions revenue recorded, given the complexity of the pricing models for different customers and the varying tier-based charges arising from the volume of matched trades processed by the system.

#### How our audit addressed the key audit matter

Our audit procedures included controls testing and substantive procedures covering, in particular, the following:

- We engaged an external independent IT audit expert to test the IT control environment, including application controls over the systems that processed matched trade information;
- We assessed the appropriateness of the external independent IT audit experts' scope of work and evaluated whether they had sufficient expertise, capabilities and objectivity to perform the work;
- We discussed with the management and the external independent IT audit experts on the IT environment and application controls over the processing of matched trade transactions;
- We reviewed the working papers of the external independent IT audit experts and the reports they issued;
- We traced a sample of matched trade information log back to the system's database used for raising bills;
- We performed tests on accuracy of customer bill generation on a sample basis based on the pricing model and charges based on the signed contract terms; and
- We traced and matched cash receipts on a sample of customers back to the sales invoice

Registration No.: 200001020530 (523137-K)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF N2N CONNECT BERHAD (CONTINUED)**

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

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

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

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

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

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

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

Registration No.: 200001020530 (523137-K)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF N2N CONNECT BERHAD (CONTINUED)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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 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 and 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 opinion.

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

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

Registration No.: 200001020530 (523137-K)

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF N2N CONNECT BERHAD (CONTINUED)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations preclude 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 reasonable be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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

**Other Matters**

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

HLB LER LUM CHEW PLT  
201906002362 & AF 0276  
Chartered Accountants

CHEW LOONG JIN  
03279/03/2025 J  
Chartered Accountant

Dated: 16 APRIL 2024  
KUALA LUMPUR

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
<b>Non-Current Assets</b>					
Property, plant and equipment	3	30,004,615	31,400,264	21,961,395	21,839,670
Investment properties	4	9,025,567	9,259,884	9,025,567	9,259,884
Right-of-use assets	5	3,368,674	626,352	-	-
Investment in subsidiary companies	6	-	-	96,901,712	96,808,881
Investment in associates	7	13,053,932	10,825,814	8,330,840	8,330,840
Intangible assets	8	82,059,191	80,846,441	-	-
		137,511,979	132,958,755	136,219,514	136,239,275
<b>Non-Current Assets</b>					
Trade receivables	9	13,103,541	11,107,287	-	16,772
Other receivables	10	9,702,388	5,567,739	6,439,070	21,557,869
Amount owing by subsidiary companies	11	-	-	49,099,475	19,825,852
Amount owing by related companies	12	238,789	353,466	221,047	342,403
Tax recoverable		8,465,881	7,987,889	1,385,164	2,193,756
Marketable securities	13	61,389,353	59,370,849	61,389,337	59,370,849
Financial assets at fair value through profit or loss	14	109,405	145,221	109,405	145,221
Cash and bank balances		93,389,353	90,247,798	15,871,382	13,516,201
		186,398,694	174,780,249	134,514,880	116,968,923
<b>Current Liabilities</b>					
Trade payables	15	4,186,952	3,304,677	155,219	148,126
Other payables	16	15,659,586	15,792,896	858,165	1,047,319
Amount owing to a subsidiary company	11	-	-	-	59,371
Amount owing to related companies	12	222,815	60,368	424	424
Lease liabilities	17	1,552,140	695,134	-	-
Provision for taxation		474,882	1,033,663	-	-
		22,096,375	20,886,738	1,013,808	1,255,240
Net current assets		164,302,319	153,893,511	133,501,072	115,713,683
		301,814,298	286,852,266	269,720,586	251,952,958

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)**

	Note	Group		Company	
		2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
<b>Financed By</b>					
Share capital	18	243,668,577	243,668,577	243,668,577	243,668,577
Treasury shares	19	-	-	-	-
Exchange reserves	20	2,193,956	(2,888,074)	-	-
Fair value reserve	21	258,112	-	-	-
Long term incentive plan reserve	22	2,395,180	2,034,144	2,395,180	2,034,144
Retained profits		45,248,890	41,917,478	23,656,829	6,250,237
Equity attributable to owners of the Company		293,764,715	284,732,125	269,720,586	251,952,958
Non-controlling interests		(1,033,075)	(1,039,162)	-	-
Total equity		292,731,640	283,692,963	269,720,586	251,952,958
<b>Non-Current Liabilities</b>					
Lease liabilities	17	2,243,451	-	-	-
Provision for retirement benefits	23	1,356,246	1,555,984	-	-
Deferred tax liabilities	24	5,482,961	1,603,319	-	-
		9,082,658	3,159,303	-	-
		301,814,298	286,852,266	269,720,586	251,952,958

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

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

	Note	Group		Company	
		2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Revenue	25	105,240,708	103,009,818	-	-
Cost of sales		(47,538,665)	(46,717,589)	-	-
Gross profit		57,702,043	56,292,229	-	-
Other operating income		6,729,254	4,562,332	36,476,027	26,128,921
Administration expenses		(46,369,093)	(44,064,154)	(7,918,657)	(7,288,423)
Finance costs		(73,891)	(64,748)	-	(28,278)
Share of associate's results		1,337,960	4,940,292	-	-
Profit before taxation	26	19,326,273	21,665,951	28,557,370	18,812,220
Taxation	27	(5,594,019)	(2,933,626)	13,306	71,274
<b>Profit for the financial year</b>		<b>13,732,254</b>	<b>18,732,325</b>	<b>28,570,676</b>	<b>18,883,494</b>
<b>Other comprehensive income</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
- Exchange differences arising from translation of foreign operations		5,082,030	3,489,142	-	-
- Share of an associate's other comprehensive income on fair value reserves		258,112	-	-	-
<b>Item that may not be reclassified subsequently to profit or loss:</b>					
• Remeasurement for long service payments, net of tax		438,508	962,271	-	-
<b>Total comprehensive income for the financial year</b>		<b>19,510,904</b>	<b>23,183,738</b>	<b>28,570,676</b>	<b>18,883,494</b>

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

	Note	Group		Company	
		2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Profit/(Loss) for the financial year attributable to:					
- Owners of the Company		14,056,988	17,627,880	25,570,676	18,883,494
- Non-controlling interests		(324,734)	1,104,445	-	-
		<u>13,732,254</u>	<u>18,732,325</u>	<u>25,570,676</u>	<u>18,883,494</u>
Total comprehensive income/ (expense) attributable to:					
- Owners of the Company		19,835,638	22,079,293	25,570,676	18,883,494
- Non-controlling interests		(324,734)	1,104,445	-	-
		<u>19,510,904</u>	<u>23,183,738</u>	<u>25,570,676</u>	<u>18,883,494</u>
Earnings per share attributable to owners of the Company:					
- Basic (sen)	28(a)	2.52	3.16		
- Diluted (sen)	28(b)	<u>2.52</u>	<u>3.16</u>		

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

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

Group	Note	Attributable to Owners of the Company							Total Equity (RM)
		Non-distributable			Distributable		Non-Controlling Interest (RM)	Sub-Total (RM)	
		Share Capital (RM)	Exchange Reserve (RM)	Fair Value Exchange (RM)	Long Term Incentive Plan Reserve (RM)	Retained Profits (RM)			
At 1 January 2023		243,668,577	(2,888,074)	-	2,034,144	41,917,478	287,732,125	(1,039,162)	289,692,963
Profit/(Loss) for the financial year		-	-	-	-	14,056,988	14,056,988	(324,734)	13,732,254
Other comprehensive income:									
- Exchange differences arising from translation of foreign operations		-	5,082,030	-	-	-	5,082,030	-	5,082,030
- Remeasurement for long service payments, net of tax		-	-	-	-	438,508	438,508	-	438,508
- Share of an associate's other comprehensive income on fair value reserves		-	-	258,112	-	-	258,112	-	258,112
Total comprehensive income for the financial year		-	5,082,030	258,112	-	14,495,496	19,835,638	(324,734)	19,510,904
Acquisition of a subsidiary company	6(c)	-	-	-	-	-	-	330,821	330,821
Long term incentive plan charged	22	-	-	-	361,036	-	361,036	-	361,036
Dividends	29	-	-	-	-	(11,164,084)	(11,164,084)	-	(11,164,084)
At 31 December 2023		243,668,577	2,193,956	258,112	2,395,180	45,248,890	293,764,715	(1,033,075)	292,731,640

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Group	Note	Attributable to Owners of the Company							Total Equity (RM)
		Non-distributable			Distributable				
		Share Capital (RM)	Treasury Shares (RM)	Exchange Reserve (RM)	Long Term Incentive Plan Reserve (RM)	Retained Profits (RM)	Sub-Total (RM)	Non-Controlling Interest (RM)	
At 1 January 2022		260,987,119	(37,237,309)	(6,377,216)	1,529,974	48,648,053	267,550,621	(2,192,354)	265,358,267
Profit for the financial year						17,627,880	17,627,880	1,104,445	18,732,325
Other comprehensive income:									
- Exchange differences arising from translation of foreign operations		-	-	3,489,142	-	-	3,489,142	-	3,489,142
- Remeasurement for long service payments, net of tax		-	-	-	-	962,271	962,271	-	962,271
Total comprehensive income for the financial year		-	-	3,489,142	-	18,590,151	22,079,293	1,104,445	23,183,738
Cancellation of treasury shares	19	(17,318,542)	37,237,309	-	-	(19,918,767)	-	-	-
Liquidation of a subsidiary company		-	-	-	-	-	-	48,747	48,747
Long term incentive plan charged	22	-	-	-	684,253	-	684,253	-	684,253
Long term incentive plan lapsed	22	-	-	-	(180,083)	180,083	-	-	-
Dividends	29	-	-	-	-	(5,592,042)	(5,582,042)	-	(5,582,042)
At 31 December 2022		243,668,577	-	(2,888,074)	2,034,144	41,917,478	284,732,125	(1,030,162)	283,692,963

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Company	Note	Non-distributable			Total (RM)
		Share Capital (RM)	Long Term Incentive Plan Reserve (RM)	Retained Profits (RM)	
At 1 January 2023		243,668,577	2,034,144	6,250,237	251,952,958
Profit/Total comprehensive income for the financial year		-	-	28,570,676	28,570,676
Long term incentive plan charged	22	-	361,036	-	361,036
Dividends	29	-	-	(11,164,084)	(11,164,084)
At 31 December 2023		243,668,577	2,395,180	23,656,829	269,720,586

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Company	Note	Non-distributable				Total (RM)
		Share Capital (RM)	Treasury Shares (RM)	Long Term Incentive Plan Reserve (RM)	Retained Profits (RM)	
At 1 January 2022		260,987,119	(37,237,309)	1,529,974	12,687,469	237,967,253
Profit/Total comprehensive income for the financial year		-	-	-	18,883,494	18,883,494
Cancellation of treasury shares	19	(17,318,542)	(37,237,309)	-	(19,918,767)	-
Long term incentive plan vested	22	-	-	684,253	-	684,253
Long term incentive plan lapsed	22	-	-	(180,083)	180,083	-
Dividends	29	-	-	-	(5,582,042)	(5,582,042)
At 31 December 2022		243,668,577	-	2,034,144	6,250,237	251,952,958

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Group	
	2023 (RM)	2022 (RM)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	19,326,273	21,665,951
Adjustments for:		
Amortisation of intangible assets	7,438,001	7,213,223
Bad debts written off	17,941	143,615
Depreciation of property, plant and equipment	4,085,540	3,987,337
Depreciation of investment properties	234,317	234,316
Depreciation of right-of-use assets	1,286,838	1,200,960
Fair value change on financial assets at fair value through profit and loss	35,816	22,792
Gain on disposal of intangible assets	(587,016)	-
Gain on liquidation of a subsidiary company	-	(46,816)
Goodwill written off	50,209	-
Long term incentive plan expenses	361,036	684,253
Impairment loss on:		
- trade receivables	880,621	1,502,840
- intangible assets	403,769	284,300
Provision for long service payments	249,442	333,457
Property, plant and equipment written off	68,000	-
Reversal of impairment loss on trade receivables and contract assets	(662,073)	(255,168)
Share of associate's results	(1,337,960)	(4,940,292)
Unrealised foreign exchange gain	(1,188,200)	(1,318,669)
Finance costs	73,891	64,748
Finance income	(1,271,764)	(368,185)
Dividend income	(2,004,413)	(1,236,725)
Operating profit before working capital changes	27,460,268	29,171,937
Trade receivables	(1,866,659)	5,804,483
Other receivables	(4,063,756)	(998,808)
Trade payables	697,204	(631,624)
Other payables	(499,801)	3,592,609
Amount owing by/to related companies	277,124	(405,855)
	(5,455,888)	7,360,805
Cash generated from operations	22,004,380	36,532,742

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Dividend received	2,004,413	1,236,725
Interest paid	(73,891)	(64,748)
Interest received	1,271,764	368,185
Tax refund	843,932	236,933
Tax paid	(3,683,021)	(1,746,943)
	<u>363,197</u>	<u>30,152</u>
Net cash generated from operating activities profit and loss	22,367,577	36,562,894
<b>Cash Flows From Investing Activities</b>		
Computer software development cost	(6,463,095)	(5,557,475)
Proceeds from disposal of intangible assets	1,133,480	-
Purchase of property, plant and equipment	(2,078,518)	(3,421,669)
Net cash outflow from acquisition of a subsidiary	(8,745)	-
Net changes in marketable securities	(2,018,488)	5,252,824
Net cash used in investing activities	<u>(9,435,366)</u>	<u>(3,726,320)</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(11,164,084)	(5,582,042)
Repayment of bank borrowings	-	(2,313,889)
Repayment of lease liabilities	(1,435,962)	(1,324,895)
Net cash used in financing activities	<u>(12,600,046)</u>	<u>(9,220,826)</u>
<b>Net increase in cash and cash equivalents</b>	332,165	23,615,748
<b>Effect of exchange rate changes</b>	2,809,390	2,752,629
<b>Cash and cash equivalents at beginning of the financial year</b>	90,247,798	63,879,421
<b>Cash and cash equivalents at end of the financial year</b>	<u>93,389,353</u>	<u>90,247,798</u>
Cash and cash equivalents at end of the financial year comprises:		
Deposits with licensed banks		
Cash and bank balances	93,389,353	90,247,798

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

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Company	
	2023 (RM)	2022 (RM)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	28,557,370	18,812,220
Adjustments for:		
Bad debts written off	-	143,615
Depreciation of property, plant and equipment	619,570	594,492
Depreciation of investment properties	234,317	234,316
Fair value change on financial assets at fair value through profit and loss	35,816	22,792
Impairment loss on trade receivables	-	148,564
Long term incentive plan expenses	206,175	220,262
Reversal of impairment loss on trade receivables	(215)	-
Unrealised foreign exchange gain	(313,113)	(592,651)
Finance costs	-	28,278
Finance income	(278,010)	(80,993)
Dividend income	(31,887,223)	(21,736,725)
Operating loss before working capital changes	(2,825,313)	(2,205,830)
Changes in working capital:		
Trade receivables	16,987	(95,167)
Other receivables	(5,381,201)	(743,965)
Trade payables	(156)	623
Other payables	(189,154)	64,124
Amount owing by/to subsidiary companies	(23,885,569)	6,651,005
Amount owing by/to related companies	121,356	(138,966)
	(29,317,737)	5,737,654
Cash (used in)/generated from operations	(32,143,050)	3,531,824
Dividends received	47,387,223	1,236,725
Interest paid	-	(28,278)
Interest received	278,010	80,993
Tax paid	(19,952)	(28,138)
Tax refund	841,850	-
	48,487,131	1,261,302
Net cash generated from operating activities	16,344,081	4,793,126

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(741,295)	(140,899)
Net changes in marketable securities	(2,018,488)	5,252,824
Net cash (used in)/generated from investing activities	<u>(2,759,783)</u>	<u>5,111,925</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(11,164,084)	(5,582,042)
Repayment of bank borrowings	-	(2,313,889)
Net cash used in financing activities	<u>(11,164,084)</u>	<u>(7,895,931)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,420,214	2,009,120
<b>Effect of exchange rate changes</b>	(65,033)	148,855
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>13,516,201</u>	<u>11,358,226</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>15,871,382</u>	<u>13,516,201</u>
Cash and cash equivalents at end of the financial year comprises:		
Cash and bank balances	<u>15,871,382</u>	<u>13,516,201</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, carrying on the business as researcher and developer of software packages, provider of design, programming, consultancy services and related activities.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

The Company is a public limited company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 3rd Floor, No. 17, Jalan Ipoh Kecil, 50350 Kuala Lumpur.

The principal place of business of the Company is located at Wisma N2N, Level 9, Tower 2, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

### 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of material accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3 to the financial statements.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

Accounting standard and amendments to accounting standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2023 are as follows:

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts" (Initial application of MFRS 17 and MFRS 9 – Comparative Information)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classifications to Liabilities as Current and Non-Current)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The above accounting standard and amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

Amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

#### ***Annual periods beginning on/after 1 January 2024***

- Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)
- Amendments to MFRS 107, "Statement of Cash Flows" and MFRS 7, "Financial Instruments: Disclosures" (Supplier Finance Arrangements)

#### ***Annual periods beginning on/after 1 January 2025***

- Amendments to MFRS 121, "The Effect of Changes in Foreign Exchange Rates" (Lack of Exchangeability)

#### ***Effective date yet to be determined by the Malaysian Accounting Standards Board***

- Amendments to MFRS 10, "Consolidated Financial Statements" and MFRS 128, "Investments in Associates and Joint Ventures" (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The adoption of the amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation

#### (a) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the group is exposed to, 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.

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 in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation (continued)

#### (a) Subsidiary companies (continued)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

#### (b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Basis of consolidation (continued)**

#### (b) Associates (continued)

If the ownership interest in an associate is reduced but significant influence is retained, the proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Dilution gains or losses arising from investments in associates are recognised in profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment if the carrying value exceeds the recoverable amount of the associate and recognises the difference as impairment losses in profit or loss.

### **2.3 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 the Company's accounting policies, reported amounts of assets, liabilities, income and 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 key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.3 Significant accounting estimates and judgements (continued)

#### (ii) Impairment of software development costs

Software development costs comprise salaries of personnel involved in the development and design of products.

The Group reviews the carrying amounts of software development costs as at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of software development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

Significant judgement in the estimation of the present value of future cash flows generated by the software development costs, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of software development costs.

#### (iii) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

#### (iv) Provision for long service payments

The Group estimates the liability in respect of the long service payments to its employees which require assumptions to be made in respect of future income levels, inflation and discount rate at the end of the reporting period to estimate the future cash outflows. The discount rate used in respect of the long service payments is 4.50% (2022: 4.60%). Where expectations differ from the original estimates, the differences will impact the carrying amount of provision for long service payments.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies

#### (a) Investment in subsidiaries and associates

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

#### (b) Property, plant and equipment

##### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as net in the profit or loss.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (b) Property, plant and equipment (Continued)

##### (ii) Depreciation and impairment

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold land are amortised over the period of the lease. The estimated useful lives are as follows:

Leasehold land	99 years
Leasehold building	50 years
Computer equipment	3 to 5 years
Office equipment	5 to 10 years
Furniture and fittings	5 to 10 years
Renovation	3 to 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

#### (c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the Group and the Company are accounted for as owner-occupied rather than as investment properties. Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2.4(b) to the financial statements.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful life of the properties. Leasehold land is amortised over the period of lease of 99 years and building is depreciated over their estimated useful life of 50 years.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (c) Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the financial year in which they arise.

#### (d) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (e) Intangible assets

##### (i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

##### (ii) Research and development costs

Internally generated development costs incurred for computer software that are directly attributable to a plan or design for the production of new or substantially improved identifiable products and processes are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (e) Intangible assets (continued)

##### (ii) Research and development costs (continued)

Directly attributable costs that are recognized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent period.

Capitalised development costs recognized as assets are amortised over its estimated useful lives of 5 to 10 years.

##### (iii) Club membership

Club membership that has an indefinite useful life held by the Group is stated at cost less provision for impairment.

#### (f) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

#### (g) Foreign currencies

##### (i) Functional and presentation currency

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

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (g) Foreign currencies (continued)

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the exchange reserve.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

##### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the exchange reserve.

Goodwill and fair value adjustments arising on the acquisitions of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (g) Foreign currencies (continued)

##### (iii) Foreign operations (continued)

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to 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 through the exchange reserve.

#### (h) Financial assets

##### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (h) Financial assets (continued)

##### (i) Classification (continued)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

##### (ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### (iii) Subsequent measurement

###### Debit instruments

Debt instruments mainly comprise of trade and other receivables, amount owing by subsidiary companies, amount owing by related companies, marketable securities and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is recognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

(h) Financial assets (continued)

(iii) Subsequent measurement (continued)

#### Debit instruments (continued)

- FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is recognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

#### Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognize changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (h) Financial assets (continued)

##### (iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is overdue above one year, when the debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (h) Financial assets (continued)

##### (iv) Impairment (continued)

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

#### (i) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Finance liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED) PG45

### 2.4 Summary of material accounting policies (Continued)

#### (k) Leases (Continued)

##### (i) Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (k) Leases (Continued)

##### (ii) Accounting by lessor

The Group and the Company determines at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

##### Operating leases

The Group and the Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognizes lease payments received under operating leases as lease income on a straight-line basis over the lease term.

#### (l) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (i) Current and deferred income tax (continued)

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

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (m) Revenue and income recognition

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

#### (i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and its customer has approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

The Group and the Company derives its revenue from providing business application solutions, financial network services and equipment rental. Revenue from provision of business application solutions includes income for installation of computer hardware and implementation of the Group's trading solution platform and service income for the subsequent usage of the managed service products. Revenue from provision of financial network services includes income for providing leased line and data center management services.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

(m) Revenue and income recognition (continued)

(i) Revenue from contracts with customers (continued)

#### Implementation revenue

Revenue from implementation of trading solutions products and software is recognised when the Group satisfies a performance obligation by transferring a promised goods or services to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

#### Recurring revenue

Recurring revenue primarily consists of the service income for subsequent maintenance of the managed service products. This service is generally provided under subscription arrangements. Recurring revenue is recognised over the contract period.

#### Transaction revenue

Transaction revenue includes volume-based fees related to online trading transactions based on usage and recognised at a point in time. Transactions revenues may be billed in arrears and are classified as contract assets.

#### Managed network revenue

Managed network revenue includes service income for leased-line services and data center management to contract customers. A promised service is transferred as and when the service is delivered to customer and acceptance obtained from customers. Managed network revenue may be billed in advance and classified as contract liabilities.

#### Equipment rental

Equipment rental consists of monthly rental income for leasing of computer hardware to contract customers and recognised over the contract period. Equipment rental is billed in arrears and classified as contract assets.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (m) Revenue and income recognition (continued)

##### (i) Revenue from contracts with customers (continued)

###### Sales of hardware

Revenue from sale of hardware is recognised when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

##### (ii) Other revenue and income

###### (i) Dividend income

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

###### (ii) Rental income

Rental income is recognised on a straight-line basis over the tenure of the lease.

###### (iii) Interest income

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

#### (n) Employee benefits

##### (i) 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 Company and its subsidiary companies. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statement of financial position date.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (n) Employee benefits (continued)

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary company makes contributions to its respective country's statutory pension scheme. Such contributions are recognised as an expense in the profit or loss as incurred.

##### (iii) Defined benefit plans

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

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the end of the reporting period on government bonds which have currency and terms to maturity approximating the terms of the related liability.

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

Past service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (n) Employee benefits (continued)

##### (iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as services provided to the subsidiaries. The fair value of options granted to employees of the subsidiaries in exchange for the services of the employees to the subsidiaries are recognised as payables from subsidiaries, with a corresponding credit to equity of the Company.

#### (o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of material accounting policies (Continued)

#### (o) Provisions (Continued)

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### (p) Equity instruments

##### (i) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### (ii) Treasury shares

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Company's equity holders.

#### (q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director that makes strategic decisions.

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land (RM)	Leasehold building (RM)	Computer equipment (RM)	Office equipment (RM)	Furniture and fittings (RM)	Renovation (RM)	Motor vehicles (RM)	Total (RM)
<b>2023</b>									
<b>Cost</b>									
At 1.1.2023		12,366,833	13,017,854	106,028,828	976,350	906,555	4,112,289	160,563	137,569,272
Additions		-	-	1,167,156	23,663	124,739	554,287	708,673	2,578,518
Written off		-	-	(120,000)	-	-	-	-	(120,000)
Acquisition of a subsidiary company	6	-	-	44,266	27,811	12,740	-	-	84,817
Exchange differences		-	-	1,999,502	13,843	10,358	90,591	-	2,114,294
At 31.12.2023		12,366,833	13,017,854	109,119,752	1,041,667	1,054,392	4,757,167	869,236	142,226,901
<b>Accumulated depreciation</b>									
At 1.1.2023		1,417,549	2,728,867	6,407,463	814,911	829,893	3,836,429	133,896	106,169,008
Charge for the financial year		129,852	260,357	3,419,536	38,831	24,038	122,059	90,867	4,085,540
Written off		-	-	(52,000)	-	-	-	-	(52,000)
Acquisition of a subsidiary company	6	-	-	17,248	18,092	8,566	-	-	43,906
Exchange differences		-	-	1,863,082	13,101	10,278	89,371	-	1,975,832
At 31.12.2023		1,547,401	2,989,224	101,655,329	884,935	872,775	4,047,859	224,763	112,222,286
<b>Carrying amount</b>									
At 31.12.2022		10,819,432	10,028,630	7,464,423	156,732	181,617	709,308	644,473	30,004,615

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold land (RM)	Leasehold building (RM)	Computer equipment (RM)	Office equipment (RM)	Furniture and fittings (RM)	Renovation (RM)	Motor vehicles (RM)	Total (RM)
<b>2022</b>									
<b>Cost</b>									
At 1.1.2022		12,366,833	13,017,854	100,457,577	1,644,833	890,354	4,098,065	160,563	132,636,079
Additions		-	-	3,414,547	3,000	4,122	-	-	3,421,669
Liquidation of a subsidiary		-	-	-	(694,695)	-	(91,124)	-	(785,819)
Exchange differences		-	-	2,156,704	23,212	12,079	105,348	-	2,297,343
At 31.12.2022		12,366,833	13,017,854	106,028,828	976,350	906,555	4,112,289	160,563	137,569,272
<b>Accumulated depreciation</b>									
At 1.1.2022		1,287,697	2,468,510	91,153,745	1,259,567	766,110	3,592,143	113,896	100,641,668
Charge for the year									
financial year		129,852	260,357	3,268,912	97,918	52,483	157,815	20,000	3,987,337
Liquidation of a subsidiary		-	-	-	(561,093)	-	(19,916)	-	(581,009)
Exchange differences		-	-	1,984,806	18,519	11,300	106,387	-	2,121,012
At 31.12.2022		1,417,549	2,728,867	96,407,463	814,911	829,893	3,836,429	133,896	106,169,008
<b>Carrying amount</b>									
At 31.12.2022		10,949,284	10,288,987	9,621,365	161,439	76,662	275,860	26,667	31,400,264

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Company</b>	<b>Note</b>	<b>Leasehold land (RM)</b>	<b>Leasehold building (RM)</b>	<b>Computer equipment (RM)</b>	<b>Office equipment (RM)</b>	<b>Furniture and fittings (RM)</b>	<b>Renovation (RM)</b>	<b>Total (RM)</b>
<b>2023</b>								
<b>Cost</b>								
At 1.1.2023		12,366,833	13,017,854	34,625,055	617,580	641,222	2,000,615	63,269,159
Additions		-	-	104,071	-	124,739	512,485	741,295
At 31.12.2023		12,366,833	13,017,854	34,729,126	617,580	765,961	2,513,100	64,010,454
<b>Accumulated depreciation</b>								
At 1.1.2023		1,417,549	2,728,867	34,468,297	494,468	582,003	1,738,305	41,429,489
Charge for the financial year		129,852	260,357	73,467	25,614	18,273	112,007	619,570
At 31.12.2023		1,547,401	2,989,224	34,541,764	520,082	600,276	1,850,312	42,049,059
<b>Carrying amount</b>								
At 31.12.2023		10,819,432	10,028,630	187,362	97,498	165,685	662,788	21,961,395

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Leasehold land (RM)	Leasehold building (RM)	Computer equipment (RM)	Office equipment (RM)	Furniture and fittings (RM)	Renovation (RM)	Total (RM)
<b>2022</b>								
<b>Cost</b>								
At 1.1.2022		12,366,833	13,017,854	34,490,359	614,580	638,019	2,000,615	63,128,260
Additions		-	-	134,696	3,000	3,203	-	140,899
At 31.12.2022		12,366,833	13,017,854	34,625,055	617,580	641,222	2,000,615	63,269,159
<b>Accumulated depreciation</b>								
At 1.1.2022		1,287,697	2,468,510	34,466,685	461,927	555,007	1,595,171	40,834,997
Charge for the financial year		129,852	260,357	1,612	32,541	26,996	143,134	594,492
At 31.12.2022		1,417,549	2,728,867	34,468,297	494,468	582,003	1,738,305	41,429,489
<b>Carrying amount</b>								
At 31.12.2022		10,949,284	10,288,987	156,758	123,112	59,219	262,310	21,839,670

(a) The leasehold land and building of the Group and the Company with a carrying amount of Nil (2021: RM21,628,480) have been pledged to a licensed bank as security for credit facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements.

(b) The remaining lease period of the leasehold land and building is 85 (2021: 86) years.

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

- (a) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase arrangement and cash payments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>(RM)</b>	<b>2022</b> <b>(RM)</b>	<b>2023</b> <b>(RM)</b>	<b>2022</b> <b>(RM)</b>
Aggregate costs	2,578,518	3,421,669	741,295	140,899
Hire purchase financing	(500,000)	-	-	-
Cash payments	<u>2,078,518</u>	<u>3,421,669</u>	<u>741,295</u>	<u>140,899</u>

- (b) Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase financing with carrying amount of RM637,805 (2022: Nil).
- (c) The remaining lease period of the leasehold land and building of the Group and the Company is 84 (2022: 85) years.

**4. INVESTMENT PROPERTIES**

	<b>Group/Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Leasehold land and building</b>		
<b>Cost</b>		
At 1 January/31 December	11,715,814	11,715,814
<b>Accumulated depreciation</b>		
At 1 January	2,455,930	2,221,614
Charge for the financial year	234,317	234,316
At 31 December	2,690,247	2,455,930
Carrying amount	<u>9,025,567</u>	<u>9,259,884</u>
Fair value	<u>17,849,128</u>	<u>18,279,888</u>

The remaining lease period of the investment properties is 84 (2022: 85) years.

The income earned by the Group from rental of investment properties amounted to RM898,463 (2022: RM879,336). Direct operating expenses incurred on the investment properties during the financial year amounted to RM306,918 (2022: RM329,649).

The fair values of the investments as at the end of the reporting periods are arrived at by reference to market evidence of transaction prices for similar properties, adjusted for factors specific to the investment properties.

## 5. RIGHT-OF-USE ASSETS

Group	Office Rental (RM)	Equipment (RM)	Total (RM)
<b>2023</b>			
<b>Cost</b>			
At 1 January	6,328,137	-	6,328,137
Additions	3,601,365	334,077	3,935,442
Expiry	(6,328,137)	-	(6,328,137)
Exchange differences	114,398	-	114,398
At 31 December	<u>3,715,763</u>	<u>334,077</u>	<u>4,049,840</u>
<b>Accumulated depreciation</b>			
At 1 January	5,701,785	-	5,701,785
Charge for the financial year	1,275,723	11,115	1,286,838
Expiry	(6,328,137)	-	(6,328,137)
Exchange differences	20,680	-	20,680
At 31 December	<u>670,051</u>	<u>11,115</u>	<u>681,166</u>
<b>Carrying amount</b>			
At 31 December	<u>3,045,712</u>	<u>322,962</u>	<u>3,368,674</u>
<b>2022</b>			
<b>Cost</b>			
At 1 January	6,004,804	-	6,004,804
Exchange differences	323,333	-	323,333
At 31 December	<u>6,328,137</u>	<u>-</u>	<u>6,328,137</u>
<b>Accumulated depreciation</b>			
At 1 January	4,234,775	-	4,234,775
Charge for the financial year	1,200,960	-	1,200,960
Exchange differences	266,050	-	266,050
At 31 December	<u>5,701,785</u>	<u>-</u>	<u>5,701,785</u>
<b>Carrying amount</b>			
At 31 December	<u>626,352</u>	<u>-</u>	<u>626,352</u>

**6. INVESTMENT IN SUBSIDIARY COMPANIES**

(a) Investment in subsidiary companies

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Unquoted shares, at cost</b>		
In Malaysia	6,000,000	6,000,000
Outside Malaysia	94,720,213	94,720,213
	100,720,213	100,720,213
Less: Impairment loss	(5,297,000)	(5,297,000)
	95,423,213	95,423,213
Advance to subsidiary companies treated as quasi-investment	1,478,499	1,385,668
	<u>96,901,712</u>	<u>96,808,881</u>

The advances to subsidiary companies are unsecured, non-interest bearing with no fixed terms of repayment. The Company does not anticipate repayment of the advances and they are determined to form part of the Company's net investment in the subsidiary companies.

Movement on the provision for impairment of investment in subsidiary companies is as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
At 1 January	5,297,000	5,297,004
Disposal during the financial year	-	(4)
At 31 December	<u>5,297,000</u>	<u>5,297,000</u>

**6. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)**

(b) The subsidiary companies and shareholding therein are as follows:

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2023 %	2022 %	
<b>Direct holding:</b>				
* N2N Connect Pte. Ltd.	Singapore	100	100	Provide consultancy services, sales, marketing and related activities
N2N Global Solutions Sdn. Bhd.	Malaysia	100	100	Research and development of software packages and provision of design, programming, consultancy services and related services
NGN Connection Sdn. Bhd.	Malaysia	100	100	Provision of managed network services, consultancy services, sales, marketing and related activities
* N2N-AFE (Hong Kong) Limited	Hong Kong SAR, China	100	100	Provision of on-line stock market information, on-line securities trading systems and business solutions, and associated sales and maintenance services on microcomputers

**6. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)**

(b) The subsidiary companies and shareholding therein are as follows (Continued):

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2023 %	2022 %	
<b>Direct holding (continued):</b>				
Asianext Sdn. Bhd.	Malaysia	100	100	Dormant
<b>Indirect holding:</b>				
<b>Subsidiaries of N2N Global Solutions Sdn. Bhd.</b>				
Hermes Bos Sdn. Bhd.	Malaysia	70	70	Researcher and developer of software packages and provider of design, programming, consultancy services and related activities
X8NET Sdn Bhd.	Malaysia	70	70	Providing information technology system and solutions services to online internet platforms
<b>Subsidiary of NGN Connection Sdn. Bhd.</b>				
Global Fin Net Sdn. Bhd.	Malaysia	100	100	Providing infrastructure for hosting, data processing services and related activities
IronHorse Asia Sdn. Bhd. ("IronHorse")	Malaysia	60	-	Providing system, information and communication technology services

**6. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)**

(b) The subsidiary companies and shareholding therein are as follows (Continued):

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2023 %	2022 %	
<b>Subsidiaries of N2N</b>				
<b>Connect Pte. Ltd.</b>				
# PT. NGS Services Indonesia ("PT NGS Indo")	Indonesia	70	70	Consulting services related to the analysis, design and programming of ready-to-use systems including analysis of computer user needs, creating and implementing software applications
<b>Subsidiaries of N2N-AFE (Hong Kong) Limited</b>				
* The Stock Market Channel (Macau) Limited	Macau	100	100	Sale of computer hardware and software and provision of online financial information in Macau

\* Subsidiary not audited by HLB Ler Lum Chew PLT.

# The audited financial statements for the financial year ended 31 December 2023 of these subsidiary companies are not available at the date the financial statements of the Group. However, the Directors are of the opinion that the financial results of these subsidiary companies are not material to the Group as the said subsidiary companies are dormant. Hence, the management accounts of the said subsidiary companies for the financial year ended 31 December 2023 have been used for consolidation purposes.

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

### (c) Acquisition of equity interest in Ironhorse

The Group has entered into a Share Sale Agreement (“SSA”) for the acquisition of 60% of the equity interest in Ironhorse for a purchase consideration of RM900,000 (“Tranche 1 equity”) which was completed on 1 October 2023.

Under the SSA, the Group is required to purchase an additional 20% equity interest in Ironhorse (“Tranche 2 equity”) for a purchase consideration of RM700,000, subject to Ironhorse achieving a cumulative profit after tax guarantee of RM1,000,000 from 1 January 2022 to 12 months after Tranche 1’s completion date (i.e. 30 September 2024) by the vendor.

The following summaries at the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date.

	<b>Group (RM)</b>
Property, plant and equipment	40,911
Trade receivables	305,561
Other receivables	70,893
Tax recoverable	87,200
Cash and cash equivalents	891,255
Trade payables	(171,808)
Other payables	(396,960)
Non-controlling interest	(330,821)
Total net assets acquired	496,231
Goodwill on acquisition	403,769
Purchase consideration	900,000
Less: Cash and cash equivalents	(891,255)
Cash outflow on acquisition, net of cash	<u>8,745</u>

The initial accounting for the above business combination is currently determined provisionally. The fair value of the identifiable assets, liabilities and contingent liabilities will only be determined via a purchase price allocation exercise which is expected to be completed on or before 30 September 2024.

**6. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)**

## (d) Non-controlling interests ("NCI") in subsidiaries

As at 31 December 2023, the net cumulative losses attributable to non-controlling interest at the Group is RM1,033,075 (2022: RM1,039,162), of which a cumulative loss of RM1,882,882 (2022: RM1,655,211) is attributable to the non-controlling interest of Hermes Bos Sdn. Bhd. ("Hermes BOS"). The remaining non-controlling interest of the Group are immaterial individually.

<b>Group</b>	<b>Hermes BOS</b>	
	<b>2023</b> <b>(RM)</b>	<b>2022</b> <b>(RM)</b>
Non-current assets	176,387	545,499
Current assets	32,471	38,094
Current liabilities	(6,285,132)	(6,100,963)
Net liabilities	(6,076,274)	(5,517,370)
Carrying amount of NCI as at 31 December	(1,882,882)	(1,655,211)
Revenue	-	-
Loss/Total comprehensive expense during the financial year	558,904	1,007,742
Loss/Total comprehensive expense allocated to NCI during the financial year	167,671	302,323
Cash flows used in operating activities	(5,623)	(6,484)
Net decrease in cash and cash equivalents	(5,623)	(6,484)
Ownership interest and voting rights percentage held by NCI	30%	30%

## 7. INVESTMENT IN AN ASSOCIATE

(a) Investment in an associates:

	Group		Company	
	2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
<b>At cost</b>				
Unquoted shares outside Malaysia	8,330,840	8,330,840	8,330,840	8,330,840
Share of post-acquisition reserves	4,723,092	2,494,974	-	-
	<u>13,053,932</u>	<u>10,825,814</u>	<u>8,330,840</u>	<u>8,330,840</u>

(b) The associate and shareholding therein are as follows:

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2023 %	2022 %	
<b>Direct holding:</b>				
* OurMoneyMarket Holdings Pty. Ltd. ("OMM")	Australia	24.71	25.15	Provision of personal loans and range of "buy now, pay later" credit solutions to retail customers

\*Associate not audited by HLB Ler Lum Chew PLT.

(c) Changes of equity interest in OMM

During the financial year, the Group's equity interest in OMM decreased from 25.15% to 24.71% (2022: 26.21% to 25.15%) following the issuance of new shares to other shareholders. The Group recognised a gain arising from changes in equity interest in OMM without loss of significant influence amounting to RM1,572,443 (2022: RM4,228,780) as the new shares issued to other shareholders of OMM were completed at a premium.

**7. INVESTMENT IN ASSOCIATES (CONTINUED)**

(d) The summarised financial information of the associate are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Assets and liabilities</b>		
Non-current assets	23,862,802	295,303,752
Current assets	1,855,672,134	1,277,161,902
Non-current liabilities	(20,581,202)	(1,533,825,451)
Current liabilities	(1,824,489,356)	(13,102,880)
Net assets	<u>34,464,378</u>	<u>25,537,323</u>
Revenue	<u>185,031,111</u>	<u>105,426,951</u>
Loss for the financial year	(843,315)	2,724,705
Other comprehensive income	1,044,616	-
Total comprehensive income/(expense) for the financial year	<u>201,301</u>	<u>2,724,705</u>
Cash flows used in operating activities	13,251,309	269,010,233
Cash flows used in investing activities	(461,064,154)	(293,530,929)
Cash flows generated from financing activities	464,408,625	15,103,016
Net changes in cash and cash equivalents	<u>16,595,780</u>	<u>(9,417,690)</u>

(e) The reconciliation of net assets of the associate to the carrying amount of the investment in associate is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
The Group's share of total comprehensive income during the financial year	<u>23,629</u>	<u>711,512</u>
Net assets	<u>34,464,378</u>	<u>25,537,323</u>
	8,515,733	6,422,942
The Group's share of net assets	<u>4,538,199</u>	<u>4,402,872</u>
Goodwill	<u>13,053,932</u>	<u>10,825,814</u>

## 8. INTANGIBLE ASSETS

	Note	Goodwill on consolidation (RM)	Club membership (RM)	Computer software (RM)	Total (RM)
<b>Group</b>					
<b>2023</b>					
<b>Cost</b>					
At 1 January		58,076,763	1,860,693	72,055,267	131,992,723
Addition during the financial year					
- capitalised staff costs	30	-	-	6,463,095	6,463,095
- acquisition of a subsidiary company	6(c)	403,769	-	-	403,769
Disposal during the financial year		-	(1,382,164)	-	(1,382,164)
Written off		(50,209)	-	-	(50,209)
Exchange differences		2,537,919	20,930	281,626	2,840,475
At 31 December		60,968,242	499,459	78,799,988	140,267,689
<b>Accumulated Amortisation</b>					
At 1 January		-	-	50,122,362	50,122,362
Amortisation during the financial year		-	-	7,438,001	7,438,001
Exchange differences		-	-	47,913	47,913
At 31 December		-	-	57,608,276	57,608,276
<b>Accumulated Impairment</b>					
At 1 January		-	1,023,920	-	1,023,920
Impairment during the financial year		403,769	-	-	403,769
Disposal during the financial year		-	(835,700)	-	(835,700)
Exchange differences		-	8,233	-	8,233
At 31 December		403,769	196,453	-	600,222
<b>Carrying amount</b>					
31 December		60,564,473	303,006	21,191,712	82,059,191

**8. INTANGIBLE ASSETS (CONTINUED)**

<b>Group</b>	<b>Note</b>	<b>Goodwill on consolidation (RM)</b>	<b>Club membership (RM)</b>	<b>Computer software (RM)</b>	<b>Total (RM)</b>
<b>2022</b>					
<b>Cost</b>					
At 1 January		55,669,122	1,765,622	66,306,362	123,741,106
Addition during the financial year					
- capitalised staff costs	30	-	-	5,557,475	5,557,475
Liquidation of a subsidiary company		(557,199)	-	-	(557,199)
Exchange differences		2,964,840	95,071	191,430	3,251,341
At 31 December		58,076,763	1,860,693	72,055,267	131,992,723
<b>Accumulated Amortisation</b>					
At 1 January		-	-	42,896,345	42,896,345
Amortisation during the financial year		-	-	7,213,223	7,213,223
Exchange differences		-	-	12,794	12,794
At 31 December		-	-	50,122,362	50,122,362
<b>Accumulated Impairment</b>					
At 1 January		557,199	694,474	-	1,251,673
Addition during the financial year		-	284,300	-	284,300
Liquidation of a subsidiary company		(557,199)	-	-	(557,199)
Exchange differences		-	45,146	-	45,146
At 31 December		-	1,023,920	-	1,023,920
<b>Carrying amount</b>					
31 December		58,076,763	836,773	21,932,905	80,846,441

- (a) The Group capitalise costs on development works relating to the enhancement of its existing software and development of new software packages which management expects will contribute to the generation of additional future economic benefits. During the financial year, the Group recognised an amortisation of RM7,438,001 (2022: RM7,213,223) which has been charged to cost of sales.
- (b) Impairment test for goodwill on consolidation

The Group undertakes an annual impairment assessment on its cash-generating units ("CGU") identified based on its geographical segment in Hong Kong SAR, China, being the lowest level of assets for which the management monitors the goodwill of the Group. As at 31 December 2023, the goodwill allocated to this CGU is RM60,564,473 (2022: RM58,026,554).

## 8. INTANGIBLE ASSETS (CONTINUED)

### (b) Impairment test for goodwill on consolidation (continued)

During the financial year, the Group recognised a goodwill of RM403,769 from the acquisition of Ironhorse as stated in Note 6(c) to the financial statements. The management assessed the recoverable amount of Ironhorse based on its net assets and have impaired the goodwill of RM403,769 which was recognised under administration expenses in profit or loss during the financial year.

#### Key assumptions used to determine recoverable amount

The recoverable amount of the Group's CGU has been determined based on value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

The key assumptions used for the value-in-use calculations are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Revenue growth rate over 5 years (per annum)	2.0%	2.0%
Operating expenditure and capital expenditure growth rate (per annum)	2.0%	2.0%
Terminal growth rate	0%	0%
Pre-tax discount rate	7.16%	7.08%

Management determined the revenue growth rates and direct costs during the budget period based on future expectations of changes in the market. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis, the Board of Directors concluded that no reasonable change in the assumptions above would cause the carrying amount of the CGUs to exceed its recoverable amounts.

## 9. TRADE RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Trade receivables	15,143,869	14,921,972	148,348	174,849
Less: Impairment loss	(3,539,370)	(5,287,408)	(148,348)	(158,077)
	11,604,499	9,634,564	-	16,772
Contract assets in relation to application solutions:	1,499,042	1,472,723	-	-
- Accrued income	13,103,541	11,107,287	-	16,772

**9. TRADE RECEIVABLES (CONTINUED)**

The Group's and the Company's normal trade credit terms range from 30 to 90 days (2022: 30 to 90 days).

The movement on the impairment loss during the financial year is disclosed in Note 33 to the financial statements.

**10. OTHER RECEIVABLES**

	Group		Company	
	2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Other receivables	78,950	3,464,148	5,000,000	20,500,000
Less: Impairment loss	-	(3,443,276)	-	-
	78,950	20,872	5,000,000	20,500,000
Deposits	2,226,322	1,944,889	162,847	157,357
Prepayments	7,397,116	3,601,978	1,276,223	900,512
	<u>9,702,388</u>	<u>5,567,739</u>	<u>6,439,070</u>	<u>21,557,869</u>

Included in the prepayments of the Group is an amount of RM3,438,532 (2022: Nil) paid to supplier for the purchase of computer equipment which is expected to complete in next financial year.

Included in other receivables of the Company is an amount of RM5,000,000 (2022: RM20,500,000) relating to dividend receivables from subsidiary companies.

**11. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES**

These amounts owing by/(to) the subsidiary companies are non-trade in nature, interest-free and are repayable on demand.

**12. AMOUNT OWING BY/(TO) RELATED COMPANIES**

These amounts are non-trade in nature, unsecured, interest-free and is repayable on demand.

**13. MARKETABLE SECURITIES**

	<b>Group/Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Quoted unit trusts in Malaysia	61,389,337	59,370,849

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Group/Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Quoted shares in Malaysia	109,405	145,221

Fair value losses of financial assets at fair value through profit or loss amounting to RM35,816 (2022: RM22,792) is presented within administration expenses (2022: administration expenses) in profit or loss.

**15. TRADE PAYABLES**

The normal trade credit terms granted to the Group and the Company range from 15 to 90 days (2022: 15 to 90 days).

**16. OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Other payables	7,881,655	7,061,655	200,567	189,788
Accruals	4,304,977	5,194,982	330,015	533,518
Deposits received	3,472,954	3,536,259	327,583	324,013
	<b>15,659,586</b>	<b>15,792,896</b>	<b>858,165</b>	<b>1,047,319</b>

**17. LEASE LIABILITIES**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
At 1 January	695,134	1,950,892
Additions	4,435,442	-
Repayment during the year	(1,435,962)	(1,324,895)
Exchange differences	100,977	69,137
At 31 December	<u>3,795,591</u>	<u>695,134</u>
<b>Analysed as:</b>		
Repayable within twelve months	1,552,140	695,134
Repayable after twelve months	2,243,451	-
	<u>3,795,591</u>	<u>695,134</u>

Included in lease liabilities is an amount of RM397,954 (2022: Nil) relating to hire purchase payables which bears an effective interest rate which ranges from 1.30% to 4.4% (2022: Nil) per annum.

**18. SHARE CAPITAL**

	<b>Group/Company</b>			
	<b>Number of Ordinary Shares</b>		<b>Amount</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Units)</b>	<b>(Units)</b>	<b>(RM)</b>	<b>(RM)</b>
<b>Issued and fully paid</b>				
At 1 January	558,204,201	597,878,101	243,668,577	260,987,119
Cancellation of treasury shares during the financial year	-	(39,673,900)	-	(17,318,542)
At 31 December	<u>558,204,201</u>	<u>558,204,201</u>	<u>243,668,577</u>	<u>243,668,577</u>

**Warrants 2019/2024**

On 15 January 2019, the Company issued 140,089,954 free Warrants pursuant to a bonus issue of one warrant for every four existing ordinary shares held in the Company. The Warrants are constituted by a deed poll dated 19 December 2018. The Warrants were listed on Bursa Malaysia on 15 January 2019. As at 31 December 2023, there was a total of 140,089,694 (2022: 140,089,694) unexercised Warrants.

The main features of the Warrants are as follows:

- Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.83 per ordinary share.
- The exercise price and the number of Warrants is subject to adjustment in the event of alteration to the share capital, bonus issue, capital distribution and rights issue by the Company in accordance with the conditions provided in the deed poll.

**18. SHARE CAPITAL (CONTINUED)****Warrants 2019/2024 (continued)**

- The Warrants shall be exercisable at any time within the period commencing on and including the date of issue of the Warrants and ending on the date of preceding the fifth anniversary of the date of issue of the Warrants.
- Upon exercise of the Warrants into new ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the Warrants are exercised or any interim dividend declared prior to the date of exercise of the Warrants.
- At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purposes.

The Warrants 2019/2024 expired on 8 January 2024 and the remaining 140,089,694 unexercised warrants had lapsed.

**19. TREASURY SHARES**

	<b>Group/Company</b>			
	<b>Number of Ordinary Shares</b>		<b>Amount</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Units)</b>	<b>(Units)</b>	<b>(RM)</b>	<b>(RM)</b>
At 1 January	-	39,673,900	-	37,237,309
Cancellation of treasury shares during the financial year	-	(39,673,900)	-	(37,237,309)
At 31 December	-	-	-	-

**20. EXCHANGE RESERVES**

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

**21. FAIR VALUE RESERVE**

The fair value reserve represents the share of associate's cumulative fair value changes, net of tax of derivative contracts that applied hedge accounting.

**22. LONG TERM INCENTIVE PLAN RESERVE**

	<b>Group/Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
At 1 January	2,034,144	1,529,974
Vested during the financial year	361,036	684,253
Lapsed during the financial year	-	(180,083)
At 31 December	<u>2,395,180</u>	<u>2,034,144</u>

On 12 December 2018, the shareholders of the Company approved the Long-Term Incentive Plan ("LTIP") comprise of Employee Share Grant Plan ("SGP") and Employee Share Option Plan ("SOP") to the Executive Directors, senior management and eligible employees of N2N Connect Berhad ("N2N") and its subsidiary companies (excluding subsidiary companies which are dormant) (collectively known as "Eligible Persons") and the LTIP was implemented on 1 May 2020.

The SGP is intended to award the Company's shares to Executive Directors and senior management of the Group with no consideration whilst the SOP is intended to allow the Group to award share options to Eligible Persons with an option price based on the volume weighted average price of N2N's shares for the 5 market days immediately preceding the date of the SOP with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Malaysia") or any other relevant authorities from time to time during the tenure of the LTIP.

The salient features and terms of the LTIP are as follows:

(a) Maximum number of new N2N Shares available under the LTIP

The maximum number of N2N Shares which may be made available under the LTIP shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the tenure of the LTIP.

The allocation of N2N Shares to be made available for the LTIP shall be determined by the LTIP Committee annually, or such other period as determined by the LTIP Committee

(b) Basis of allotment and maximum allowable allocation

Subject to the By-Laws, the maximum number of N2N Shares awarded to any one Eligible Person under the LTIP at any point of time shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the Eligible Person's designation, length of service, work performance and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

**22. LONG TERM INCENTIVE PLAN RESERVE (CONTINUED)**

## (b) Basis of allotment and maximum allowable allocation

- (i) the total number of N2N Shares made available under the LTIP shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the LTIP tenure;
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of issued N2N Shares made available under the LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares);
- (iii) up to 100% of the total number of N2N Shares which may be made available under the Proposed LTIP could be allocated, in aggregate, to the Executive Directors and senior management of the N2N Group who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time). This is intended to incentivise the Executive Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of N2N Group and to incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance; and
- (iv) the Executive Directors and senior management of the Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any.

## (c) Eligibility

The eligibility under the LTIP however, does not confer on an Eligible Person any claim or right to participate in or any rights whatsoever under the LTIP and an Eligible Person does not acquire any or has any right over or in connection with the LTIP unless the LTIP have been made by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP in accordance with the provisions of the By-Laws.

## (d) Duration and termination

The LTIP shall in force for a period of 5 years from the effective date of implementation, being a date of full compliance with relevant requirements by Bursa Securities or any other relevant authorities. The Company may extend the LTIP for a period of 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the effective date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

Upon expiry or termination of the Proposed LTIP, any LTIP Awards which have yet to be vested or exercised (as the case may be and whether fully or partially) shall be deemed cancelled and be null and void.

**22. LONG TERM INCENTIVE PLAN RESERVE (CONTINUED)**

## (e) Ranking of the LTIP shares

The new shares to be allotted and issued pursuant to the LTIP shall, upon allotment and issuance, rank equally in all respects with the existing issued shares. The LTIP participants shall not be entitled to any rights, dividends or other distributions attached to the Company's share prior to the date on which the Company's shares are credited into their respective Central Depository System accounts.

The fair value of the LTIP granted in which MFRS 2 applies, were determined using the Black-Scholes valuation model. The significant inputs in the model are as follows:

	<b>Share option</b>
Exercise price (RM)	0.705
Underlying share price at grant date (RM)	0.870
Expected dividend yield (%)	5.96
Risk free interest rate (%)	2.735
Option life	1 - 5 years
Vesting period 1	1 - 5 years
Expected volatility (%)	44.403

<sup>1</sup>The N2N Shares to be issued under SOP shall vest to the eligible persons in stages over 5 years once the vesting conditions are fully and duly satisfied.

The assumptions above are based on historical data and is not necessarily be reflective of the actual outcome.

The movement during the financial year in the number of LTIP options of the Company, in which the employees of the Group and the Company are entitled to, is as follows:

	<b>Fair value at grant date (RM)</b>	<b>Number of share options</b>			<b>At 31 December</b>
		<b>At 1 January</b>	<b>Granted</b>	<b>Lapsed/ Forfeited</b>	
<b>2023</b>					
<b>Group</b>	0.2159 - 0.3113	11,472,500	-	(950,000)	10,522,500
<b>Company</b>	0.2159 - 0.3113	2,832,500	-	(260,000)	2,572,500
<b>2022</b>					
<b>Group</b>	0.2159 - 0.3113	14,130,000	-	(2,657,500)	11,472,500
<b>Company</b>	0.2159 - 0.3113	3,110,000	-	(277,500)	2,832,500

### 23. PROVISION FOR RETIREMENT BENEFITS

Provision for retirement benefits of the Group relate to long service payments ("LSP") provisions as prescribed under the Hong Kong Employment Ordinance. LSP is paid to employees of subsidiary companies upon termination of their employment, subject to completion of number of continuous service and meeting certain qualifying conditions. The benefit is based on final wages and service at leaving employment.

The movements during the financial year of the amount recognised in the statements of financial position in respect of the long service payments are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
At 1 January	1,555,984	2,245,681
Recognised in profit or loss	249,442	333,457
Remeasurements		
– changes in experience	(159,865)	(394,900)
– changes in demographic assumptions	(53,935)	(325)
– changes in financial assumptions	(308,080)	(729,055)
	(521,880)	(1,124,280)
Exchange differences	72,700	101,126
At 31 December	<u>1,356,246</u>	<u>1,555,984</u>

The total expenses recognised in profit or loss is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Current service cost	177,142	296,553
Interest cost	72,300	36,904
	<u>249,442</u>	<u>333,457</u>

The principal assumptions used are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Increase in maximum amount of relevant salary for contribution	2.5	2.0
Discount rate	4.5	4.6
Salary growth rate	4.0	3.5

There are no explicit assets held in respect of the long service payment obligations.

**24. PROVISION FOR RETIREMENT BENEFITS (CONTINUED)**

Remeasurements recognised in other comprehensive income during the financial year is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Long service payments	(521,880)	(1,124,280)

Expected maturity analysis of undiscounted benefit payments is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Long service payments</b>	-	-
Within one year	-	33,256
Between two and five years	6,777,561	8,678,800
More than five years	6,777,561	8,712,056

The sensitivity analysis on a change in key assumptions while holding all other assumptions constant on the provision for retirement benefits increase/(decrease) as follows:

	<b>Group</b>	
	<b>Increase/Decrease</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Effect on provision for retirement benefits</b>		
Discount rate		
- 0.25% increase	(36,145)	(46,907)
- 0.25% decrease	39,360	48,850
Salary growth rate		
- 0.25% increase	1,096	1,103
- 0.25% decrease	(1,044)	(1,575)

The above sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the provision for defined benefits obligation, the same method (present value of the defined obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the provision for retirement benefits recognised within the statement of financial position.

There have been no changes in the methods and type of assumptions used in preparing the sensitivity analysis during the financial year.

**24. DEFERRED TAX LIABILITIES**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
At 1 January		
Recognised in profit or loss (Note 27):	1,603,319	653,661
- property, plant and equipment	(732)	910,950
- unabsorbed capital allowances	(10,038)	-
- provisions and others	3,763,963	(188,965)
	3,753,193	721,985
Recognised in other comprehensive income:		
- remeasurement of long service payments	83,372	162,009
- exchange differences	43,077	65,664
At 31 December	<u>5,482,961</u>	<u>1,603,319</u>

The components of deferred tax liabilities of the Group during the financial year are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Deferred tax assets		
- property, plant and equipment	89,142	188,965
- unabsorbed capital allowances	10,038	-
	99,180	188,965
Offsetting	(99,180)	(188,965)
Net deferred tax assets	<u>-</u>	<u>-</u>
Deferred tax liabilities:		
- property, plant and equipment	1,122,288	1,112,935
- provision for retirement benefits	795,713	679,349
- provisions and others	3,664,140	-
	5,582,141	1,792,284
Offsetting	(99,180)	(188,965)
Net deferred tax liabilities	<u>5,482,961</u>	<u>1,603,319</u>

**24. DEFERRED TAX LIABILITIES (CONTINUED)**

The unutilised tax losses and unabsorbed capital allowance of the Group and of the Company for which no deferred tax assets were recognised in the statements of financial position are as follows:

	Group		Group	
	2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Unutilised tax losses	2,712,338	2,588,110	288,851	551,832
Unabsorbed capital allowance	604,367	567,110	-	-
	<u>3,316,705</u>	<u>3,155,220</u>	<u>288,851</u>	<u>551,832</u>
Deferred tax assets not recognised at 24% (2022: 24%)	796,009	757,253	69,324	132,440

The Group's and the Company's unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from year of assessment 2018 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carry forward for a maximum period of 10 consecutive years.

**25. REVENUE**

Breakdown of revenue recognised from contracts with customers is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
Application solutions:		
- Implementation fees	5,773,216	2,414,354
- Managed services	69,890,308	69,817,680
	75,663,524	72,232,034
Financial network services:		
- Implementation fees	468,290	2,229,749
- Managed network services	27,969,400	27,268,175
	28,437,690	29,497,924
Equipment rental	1,119,667	1,279,860
	19,827	-
Hardware sales	105,240,708	103,009,818
<b>Geographical market</b>		
Malaysia	45,174,418	44,150,561
Hong Kong SAR, China	52,300,563	49,931,320
Others	7,765,727	8,927,937
	105,240,708	103,009,818
<b>Timing of revenue recognition</b>		
Over time	85,841,890	85,684,108
At a point in time	19,398,818	17,325,710
	105,240,708	103,009,818

**26. PROFIT BEFORE TAXATION**

Profit before taxation is derived after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Amortisation of intangible assets	7,438,001	7,213,223	-	-
Auditors' remuneration:				
- statutory audit	312,056	326,328	65,000	65,000
- others	17,000	17,000	5,000	5,000
Bad debts written off	17,941	143,615	-	143,615
Depreciation of property, plant and equipment	4,085,540	3,987,337	619,570	594,492
Depreciation of investment properties	234,317	234,316	234,317	234,316
Directors' remuneration:				
- fees	809,550	818,804	809,550	818,804
- salaries and other emoluments	6,265,567	6,606,464	329,037	501,006
- defined contribution plan	48,527	65,973	20,248	21,133
Dividend income	(2,004,413)	(1,236,725)	(31,887,223)	(21,736,725)
Rental of assets:				
- depreciation of right-of-use assets	1,286,838	1,200,960	-	-
- short term leases	169,950	441,769	55,200	-
Foreign exchange loss/(gain):				55,200
- realised	(133,374)	147,897	(208,180)	26,741
- unrealised	(1,188,200)	(1,318,669)	(313,113)	(592,651)
Fair value change on financial assets at fair value through profit or loss	35,816	22,792	35,816	22,792
Gain on liquidation of a subsidiary company	-	(46,816)	-	-
Gain on disposal of intangible assets	(587,016)	-	-	-
Goodwill written off	50,209	-	-	-
Interest expense	73,891	64,748	-	28,278
Interest income	(1,271,764)	(368,185)	(278,010)	(80,993)
Impairment loss on:				
- trade receivables	880,621	1,502,840	-	148,564
- goodwill	403,769	284,300	-	-
Long term incentive plan expenses	361,036	684,253	206,175	220,262
Property, plant and equipment written off	68,000	-	-	-
Provision for long service payments	249,442	333,457	-	-
Reversal of impairment loss on trade receivables and contract assets	(662,073)	(225,168)	(215)	-
Rental income	(898,463)	(879,336)	(1,423,799)	(1,404,672)
Management fee:				
- related party	(60,000)	(60,000)	(60,000)	(60,000)
- subsidiary companies	-	-	(2,582,028)	(2,590,583)

## 27. TAXATION

	Group		Company	
	2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Current taxation:				
- Current year provision	2,749,060	3,065,017	17,392	30,698
- Over provision in prior years	(908,234)	(853,376)	(30,698)	(101,972)
	1,840,826	2,211,641	(13,306)	(71,274)
Deferred taxation (Note 24):				
- Reversal and origination of temporary differences	3,753,193	721,985	-	-
Taxation for the financial year	5,594,019	2,933,626	(13,306)	(71,274)

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

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

	Group		Company	
	2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Profit before taxation	19,326,273	21,665,951	28,557,370	18,812,220
Taxation at statutory tax rate of 24% (2022: 24%)	4,638,306	5,199,828	6,853,769	4,514,933
Effect of different tax rates in other countries	(936,661)	(814,138)	-	-
Expenses not deductible for tax purposes	1,402,673	3,083,235	879,673	939,646
Tax incentive arising from pioneer status	(1,299,556)	(802,516)	-	-
Income not subject to tax	(1,031,265)	(2,825,282)	(7,652,934)	(5,216,814)
Deferred tax assets not recognised	101,872	98,703	-	-
Utilisation of previously unrecognised deferred tax assets	(63,116)	(452,828)	(63,116)	(207,067)
Recognition of deferred tax liabilities due to expiry of Pioneer status	3,690,000	-	-	-
Over provision of current taxation in prior years	(908,234)	(853,376)	(30,698)	(101,972)
Taxation for the financial year	5,594,019	2,933,626	(13,306)	(71,274)

**28. EARNINGS PER SHARE**

## (a) Basic earnings per share

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Profit for the financial year attributable to the owners of the Company (RM)	<u>14,056,988</u>	<u>17,627,880</u>
Weighted average number of ordinary shares issued	<u>558,204,201</u>	<u>558,204,201</u>
Basic earnings per share (sen)	<u>2.52</u>	<u>3.16</u>

## (b) Diluted earnings per share

For the purposes of calculating diluted earnings per share, consolidated profit attributable to owners of the Company is divided by weighted average number of ordinary shares in issue during the financial year, adjusted for the dilutive effects of all potential ordinary shares.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Profit for the financial year attributable to the owners of the Company (RM)	<u>14,056,988</u>	<u>17,627,880</u>
Weighted average number of ordinary shares issued	558,204,201	558,204,201
Adjusted for:		
Assumed exercise of Warrants at no consideration	-*	-*
Assumed exercise of SOP at no consideration	-*	-*
	<u>558,204,201</u>	<u>558,204,201</u>
Diluted earnings per share (sen)	<u>2.52</u>	<u>3.16</u>

\* No warrants and SOP are assumed to be exercised at no consideration as the average fair value of the Company's quoted share price during the financial year is below the exercise price of the warrants and SOP.

## 29. DIVIDENDS

	<b>Group/Company</b>	
	<b>2023 (RM)</b>	<b>2022 (RM)</b>
Second interim single tier dividend of 1 sen (2022: Nil sen) per ordinary share paid in respect of the financial year ended 31 December 2022	5,582,042	-
First interim single tier dividend of 1 sen (2022: 1 sen) per ordinary share paid in respect of the financial year ended 31 December 2023/2022	5,582,042	5,582,042
	<u>11,164,084</u>	<u>5,582,042</u>

## 30. STAFF COSTS

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2023 (RM)</b>	<b>2022 (RM)</b>	<b>2023 (RM)</b>	<b>2022 (RM)</b>
Salaries, bonus and other emoluments		27,880,454	25,412,865	1,850,978	1,701,819
Contribution to defined contribution plan and social security		2,541,369	2,453,388	436,454	224,723
Long term incentive plan expenses		361,036	684,253		
Provision for retirement benefits	23	249,442	333,457	206,175	220,262
Total staff costs		<u>31,032,301</u>	<u>28,883,963</u>	<u>2,493,607</u>	<u>2,146,804</u>
Staff costs (excluding Directors) analysed as:					
- Charged to profit or loss		24,569,206	23,326,488	2,493,607	2,146,804
- Capitalised as intangible assets	8	6,463,095	5,557,475	-	-
Total staff costs		<u>31,032,301</u>	<u>28,883,963</u>	<u>2,493,607</u>	<u>2,146,804</u>

### 31. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

<b>Group</b>	<b>Term loan (RM)</b>	<b>Lease liabilities (RM)</b>	<b>Total (RM)</b>
At 1 January 2022	2,313,889	1,950,892	4,264,781
Cash flows	(2,313,889)	(1,324,895)	(3,638,784)
Foreign exchange differences	-	69,137	69,137
At 31 December 2022	-	695,134	695,134
Additions during the financial year	-	4,435,442	4,435,442
Cash flows	-	(1,435,962)	(1,435,962)
Foreign exchange differences	-	100,977	100,977
At 31 December 2023	-	3,795,591	3,795,591

### 32. SEGMENTAL INFORMATION

(a) Business segment

The reportable segments of the Group derive their revenue primarily from the provision of design, programming, consultancy services and related services which are substantially within a single business segment.

Management has determined the operating segments based on the reports reviewed by the Managing Director (Chief Operating Decision Maker). The Board of Directors considers the business from a geographical perspective.

The Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Hong Kong SAR, China and others. Others comprise of investment holding companies and other operating companies in other countries that contributed less than 10% of consolidated revenue.

## 32. SEGMENTAL INFORMATION (CONTINUED)

(a) Business segment (continued)

	<b>Malaysia (RM)</b>	<b>Hong Kong SAR, China (RM)</b>	<b>Others (RM)</b>	<b>Total (RM)</b>
<b>2023</b>				
<u>Revenue</u>				
Total revenue	45,185,070	52,300,563	7,765,728	105,251,361
Inter-segment elimination	(10,653)	-	-	(10,653)
External revenue	<u>45,174,417</u>	<u>52,300,563</u>	<u>7,765,728</u>	<u>105,240,708</u>
<u>Results</u>				
EBITDA *	16,878,604	9,430,267	1,151,397	27,460,268
Amortisation of intangible assets	(7,215,791)	-	(222,210)	(7,438,001)
Depreciation of property, plant and equipment	(2,759,457)	(970,692)	(355,391)	(4,085,540)
Depreciation of investment properties	(234,317)	-	-	(234,317)
Depreciation of right-of-use assets	(11,137)	(1,275,701)	-	(1,286,838)
Dividend income	2,004,413	-	-	2,004,413
Finance income	528,316	690,136	53,312	1,271,764
Finance costs	(6,215)	(67,676)	-	(73,891)
Gain on disposal of intangible assets	-	587,016	-	587,016
Impairment loss on goodwill	(403,769)	-	-	(403,769)
Long term incentive plan	(311,208)	(49,828)	-	(361,036)
Net impairment loss on trade receivables	(41,018)	(111,959)	(65,571)	(218,548)
Share of associate's results	-	-	1,337,960	1,337,960
Unrealised foreign exchange gain	522,719	-	665,481	1,188,200
Other non-cash items	(154,025)	(267,383)	-	(421,408)
Taxation	(4,255,154)	(1,013,497)	(325,368)	(5,594,019)
Segment profit for the financial year	<u>4,541,961</u>	<u>6,950,683</u>	<u>2,239,610</u>	<u>13,732,254</u>
Non-current assets	<u>62,274,867</u>	<u>66,004,445</u>	<u>9,232,667</u>	<u>137,511,979</u>

## 32. SEGMENTAL INFORMATION (CONTINUED)

(a) Business segment (continued)

	<b>Malaysia (RM)</b>	<b>Hong Kong SAR, China (RM)</b>	<b>Others (RM)</b>	<b>Total (RM)</b>
<b>2022</b>				
<b>Revenue</b>				
Total revenue	44,150,561	49,931,320	8,950,218	103,032,099
Inter-segment elimination	-	-	(22,281)	(22,281)
External revenue	<u>44,150,561</u>	<u>49,931,320</u>	<u>8,927,937</u>	<u>103,009,818</u>
<b>Results</b>				
EBITDA *	18,749,623	10,218,758	(33,928)	28,934,453
Amortisation of intangible assets	(6,992,003)	-	(221,220)	(7,213,223)
Bad debt written off	(143,615)	-	-	(143,615)
Depreciation of property, plant and equipment	(2,629,571)	(955,012)	(402,754)	(3,987,337)
Depreciation of investment properties	(234,316)	-	-	(234,316)
Depreciation of right-of-use assets	-	(1,200,960)	-	(1,200,960)
Dividend income	1,236,725	-	-	1,236,725
Finance income	285,593	26,891	55,701	368,185
Finance costs	(28,278)	(36,470)	-	(64,748)
Long term incentive plan	(507,909)	(189,763)	13,419	(684,253)
Net (impairment loss on)/reversal of impairment loss on trade receivables	(1,281,903)	34,231	-	(1,247,672)
Share of associate's results	-	-	4,940,292	4,940,292
Unrealised foreign exchange gain	917,358	-	401,311	1,318,669
Other non-cash items	(22,792)	(333,457)	-	(356,249)
Taxation	(1,559,006)	(802,252)	(572,368)	(2,933,626)
Segment profit for the financial year	<u>7,789,906</u>	<u>6,761,966</u>	<u>4,180,453</u>	<u>18,732,325</u>
Non-current assets	<u>63,846,081</u>	<u>61,819,411</u>	<u>7,293,263</u>	<u>132,958,755</u>

\* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

**32. SEGMENTAL INFORMATION (CONTINUED)**

(b) Information about major customers

Revenue from 1 (2022: 1) major customer amount to RM11,037,157 (2022: RM10,663,731) arising from the Malaysia segment.

**33. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group monitors capital using gearing ratio, which is total equity plus net debt. The Group's policy is to keep the lower gearing ratio. The Group includes within net debt, trade and other payables, bank borrowings less cash and cash equivalents.

	<b>Group</b>		<b>Company</b>	
	<b>2023 (RM)</b>	<b>2022 (RM)</b>	<b>2023 (RM)</b>	<b>2022 (RM)</b>
Trade and other payables	19,846,538	19,097,573	1,013,384	1,195,445
Amount owing to a subsidiary company	-	-	-	59,371
Amount owing to related companies	222,815	60,368	424	424
Lease liabilities	3,795,591	695,134	-	-
Less: cash and cash equivalents	<u>(93,389,353)</u>	<u>(90,247,798)</u>	<u>(15,871,382)</u>	<u>(13,516,201)</u>
Net liquidity	<u>(69,524,409)</u>	<u>(70,394,723)</u>	<u>(14,857,574)</u>	<u>(12,260,961)</u>
Total equity	<u>292,731,640</u>	<u>283,692,963</u>	<u>269,720,586</u>	<u>251,952,958</u>
Capital and net liquidity	<u>223,207,231</u>	<u>213,298,240</u>	<u>254,863,012</u>	<u>239,691,997</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

### 34. FINANCIAL INSTRUMENTS

The following table analyses the financial assets and finance liabilities of the Group and of the Company by the classes and categories of financial instrument to which they are assigned, and therefore by the measurement basis:

	<b>Financial assets at fair value through profit or loss (RM)</b>	<b>Financial assets and liabilities at amortised cost (RM)</b>	<b>Total (RM)</b>
<b>2023</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade and other receivables	-	13,909,771	13,909,771
Amount owing by related companies	-	238,789	238,789
Marketable securities	-	61,389,337	61,389,337
Financial assets at fair value through profit or loss	109,405	-	109,405
Cash and cash equivalents	-	93,389,353	93,389,353
	<u>109,405</u>	<u>168,927,250</u>	<u>169,036,655</u>
<b>Financial liabilities</b>			
Trade and other payables	-	19,846,538	19,846,538
Amount owing to related companies	-	222,815	222,815
Lease liabilities	-	3,795,591	3,795,591
	<u>-</u>	<u>23,864,944</u>	<u>23,864,944</u>
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	-	5,162,847	5,162,847
Amount owing by subsidiary companies	-	49,099,475	49,099,475
Amount owing by related companies	-	221,047	221,047
Marketable securities	-	61,389,377	61,389,377
Financial assets at fair value through profit or loss	109,405	-	109,405
Cash and cash equivalents	-	15,871,382	15,871,382
	<u>109,405</u>	<u>131,744,128</u>	<u>131,853,533</u>
<b>Financial liabilities</b>			
Trade and other payables	-	1,013,384	1,013,384
Amount owing to a subsidiary company	-	424	424
Amount owing to related companies	-	1,013,808	1,013,808
	<u>-</u>	<u>1,013,808</u>	<u>1,013,808</u>

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

The following table analyses the financial assets and finance liabilities of the Group and of the Company by the classes and categories of financial instrument to which they are assigned, and therefore by the measurement basis:

	<b>Financial assets at fair value through profit or loss (RM)</b>	<b>Financial assets and liabilities at amortised cost (RM)</b>	<b>Total (RM)</b>
<b>2022</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade and other receivables	-	11,600,325	11,600,325
Amount owing by related companies	-	353,466	353,466
Marketable securities	-	59,370,849	59,370,849
Financial assets at fair value through profit or loss	145,221	-	145,221
Cash and cash equivalents	-	90,247,798	90,247,798
	<u>145,221</u>	<u>161,572,438</u>	<u>161,717,659</u>
<b>Financial liabilities</b>			
Trade and other payables	-	19,097,573	19,097,573
Amount owing to related companies	-	60,368	60,368
Lease liabilities	-	695,134	695,134
	-	<u>19,853,075</u>	<u>19,853,075</u>
<b>Company</b>			
<b>Financial assets</b>			
Trade and other receivables	-	20,674,129	20,674,129
Amount owing by subsidiary companies	-	19,825,852	19,825,852
Amount owing by related companies	-	342,403	342,403
Marketable securities	-	59,370,849	59,370,849
Financial assets at fair value through profit or loss	145,221	-	145,221
Cash and cash equivalents	-	13,516,201	13,516,201
	<u>145,221</u>	<u>113,729,434</u>	<u>113,874,655</u>
<b>Financial liabilities</b>			
Trade and other payables	-	1,195,445	1,195,445
Amount owing to subsidiary companies	-	59,371	59,371
Amount owing to related companies	-	424	424
	-	<u>1,255,240</u>	<u>1,255,240</u>

### 34. FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

#### Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables and intercompany receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables and contract assets ageing. The Group monitors the results of the related parties regularly to safeguard credit risk on balance from intercompany receivables.

The maximum exposure to credit risk for the Group and the Company is the carrying amount of the financial assets shown in the statement of financial position.

The ageing analysis of the Group's and of the Company's trade receivables and contract assets is as follows:

	Group		Company	
	2023 (RM)	2022 (RM)	2023 (RM)	2022 (RM)
Neither past due nor individually impaired	4,685,240	3,983,274	-	21,021
Past due but not individually impaired:				
- Past due less than 1 year	8,348,235	7,267,395	-	-
- Past due more than 1 year	1,567,164	268,252	-	-
	9,915,399	7,535,647	-	-
Individually impaired	2,042,272	4,875,774	148,348	153,828
	16,642,911	16,394,695	148,348	174,849

The Group's trade receivables and contract assets of RM 9,915,399 (2022: RM7,535,647) respectively were past due but not individually impaired. These relate to a number of independent customers for whom there is no recent history of default.

The Group's trade receivables and contract assets of RM2,042,272 and RM148,348 (2022: RM4,875,774 and RM153,828) respectively were individually impaired. The individually impaired receivables mainly relate to trade receivables, which are facing difficulties in cash flows. As at the end of the reporting date, the impairment loss for these receivables is RM2,042,272 and RM148,348 (2022: RM4,875,774 and RM153,828) respectively.

**34. FINANCIAL INSTRUMENTS (CONTINUED)****Financial risk management (continued)**Credit risk (continued)

Movements on the Group's loss allowance for impairment of trade receivables and other receivables are as follows:

	<b>Trade receivables (RM)</b>	<b>Other receivables (RM)</b>	<b>Total (RM)</b>
<b>Group</b>			
<b>2023</b>			
At 1 January	5,287,408	3,443,276	8,730,684
Acquisition of a subsidiary	347,780	-	347,780
Impairment loss during the financial year	880,621	-	880,621
Reversal during the financial year	(662,073)	-	(662,073)
Written off during the financial year	(2,391,746)	(3,443,276)	(5,835,022)
Exchange differences	77,380	-	77,380
At 31 December	<u>3,539,370</u>	<u>-</u>	<u>3,539,370</u>
<b>Represented by:</b>			
Individual impairment	2,042,272	-	2,042,272
Lifetime expected credit loss impairment	1,497,098	-	1,497,098
	<u>3,539,370</u>	<u>-</u>	<u>3,539,370</u>
<b>2022</b>			
At 1 January	3,871,267	3,267,343	7,138,610
Impairment loss during the financial year	1,502,840	-	1,502,840
Reversal during the financial year	(255,168)	-	(255,168)
Exchange differences	168,469	175,933	344,402
At 31 December	<u>5,287,408</u>	<u>3,443,276</u>	<u>8,730,684</u>
<b>Represented by:</b>			
Individual impairment	4,875,774	3,443,276	8,319,050
Individual impairment	411,634	-	411,634
Lifetime expected credit loss impairment	<u>5,287,408</u>	<u>3,443,276</u>	<u>8,730,684</u>

**34. FINANCIAL INSTRUMENTS (CONTINUED)****Financial risk management (continued)**Credit risk (continued)

Movements on the Group's loss allowance for impairment of trade receivables and other receivables are as follows:

<b>Company</b>	<b>Trade receivables (RM)</b>	<b>Total (RM)</b>
<b>2023</b>		
At 1 January	158,077	158,077
Reversal during the financial year	(215)	(215)
Written off during the financial year	(9,514)	(9,514)
At 31 December	<u>148,348</u>	<u>148,348</u>
<b>Represented by:</b>		
Individual impairment	148,348	148,348
Lifetime expected credit loss impairment	-	-
	<u>148,348</u>	<u>148,348</u>
<b>2022</b>		
At 1 January	9,513	9,513
Charge during the financial year	148,564	148,564
At 31 December	<u>158,077</u>	<u>158,077</u>
<b>Represented by:</b>		
Individual impairment	153,828	153,828
Lifetime expected credit loss impairment	4,249	4,249
	<u>158,077</u>	<u>158,077</u>

**34. FINANCIAL INSTRUMENTS (CONTINUED)****Financial risk management (continued)**Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, borrowings and lease liabilities.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	<b>Carrying amount (RM)</b>	<b>Contractual interest rate %</b>	<b>Contractual cash flow (RM)</b>	<b>On demand or within one year (RM)</b>	<b>Between one to five years (RM)</b>
<b>2023</b>					
<b>Group</b>					
Trade and other payables	19,846,538	-	19,846,538	19,846,538	-
Amount owing to related companies	222,815	-	222,815	222,815	-
Lease liabilities	3,795,591	1.30 - 4.40	3,990,323	1,682,522	2,307,801
	<u>23,864,944</u>		<u>24,059,676</u>	<u>21,751,875</u>	<u>2,307,801</u>
<b>Company</b>					
Trade and other payables	1,013,384	-	1,013,384	1,013,384	-
Amount owing to related companies	424	-	424	424	-
	<u>1,013,808</u>		<u>1,013,808</u>	<u>1,013,808</u>	<u>-</u>

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## Financial risk management (continued)

## Liquidity risk (continued)

	Carrying amount (RM)	Contractual interest rate %	Contractual cash flow (RM)	On demand or within one year (RM)	Between one to five years (RM)
<b>2022</b>					
<b>Group</b>					
Trade and other payables	19,097,573	-	19,097,573	19,097,573	-
Amount owing to related companies	60,368	-	60,368	60,368	-
Lease liabilities	695,134	-	700,772	700,772	-
	<u>19,853,075</u>		<u>19,858,713</u>	<u>19,858,713</u>	<u>-</u>
<b>Company</b>					
Trade and other payables	1,195,445	-	1,195,445	1,195,445	-
Amount owing to a subsidiary company	59,371	-	59,371	59,371	-
Amount owing to related companies	424	-	424	424	-
	<u>1,255,240</u>		<u>1,255,240</u>	<u>1,255,240</u>	<u>-</u>

**34. FINANCIAL INSTRUMENTS (CONTINUED)****Financial risk management (continued)**Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily Singapore Dollar, United States Dollar, Euro Dollar, Thai Baht and Hong Kong Dollar. The Group and the Company monitor the foreign currency risks on an ongoing basis.

**34. FINANCIAL INSTRUMENTS (CONTINUED)****FINANCIAL RISK MANAGEMENT (CONTINUED)**Market risk (Continued)

## (a) Foreign currency exchange risk (continued)

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

	<b>Financial Assets/(Liabilities) Held in Non-Functional Currency</b>					<b>Total (RM)</b>
	<b>Singapore Dollar (RM)</b>	<b>United States Dollar (RM)</b>	<b>Euro Dollar (RM)</b>	<b>Thai Baht (RM)</b>	<b>Hong Kong Dollar (RM)</b>	
<b>Group</b>						
<b>2023</b>						
Trade receivables	-	2,659,811	-	-	-	2,659,811
Cash and bank balances	3,747,452	1,235,195	-	-	14,962	4,997,609
Trade payables	-	(374,997)	(117,180)	(17,127)	-	(509,304)
	3,747,452	3,520,009	(117,180)	(17,127)	14,962	7,148,116
<b>2022</b>						
Trade receivables	-	2,117,667	-	-	-	2,117,667
Cash and bank balances	5,149	6,050,588	-	-	23,488	6,079,225
Trade payables	-	(250,528)	(103,119)	(16,388)	-	(370,035)
	5,149	7,917,727	(103,119)	(16,388)	23,488	7,826,857

**34. FINANCIAL INSTRUMENTS (CONTINUED)****FINANCIAL RISK MANAGEMENT (CONTINUED)**Market risk (Continued)

## (a) Foreign currency exchange risk (continued)

Company	Financial Assets/(Liabilities) Held in Non-Functional Currency					Total (RM)
	Singapore Dollar 2022 (RM)	United States		Hong Kong Dollar 2022 (RM)		
		Dollar 2021 (RM)	Dollar 2022 (RM)			
<b>2023</b>						
Amount owing by subsidiary companies	18,321,489	-	-	-	-	18,321,489
Cash and bank balances	3,747,452	11,991	14,962	14,962	14,962	3,774,405
Trade payables	-	(166,819)	-	-	-	(166,819)
	22,068,941	(154,828)	14,962	14,962	14,962	21,929,075
<b>2022</b>						
Amount owing by subsidiary companies	7,841,343	-	-	-	-	7,841,343
Cash and bank balances	5,149	2,884,366	23,488	23,488	23,488	2,913,003
Trade payables	-	(159,723)	-	-	-	(159,723)
	7,846,492	2,724,643	23,488	23,488	23,488	10,594,623

**34. FINANCIAL INSTRUMENTS (CONTINUED)****FINANCIAL RISK MANAGEMENT (CONTINUED)**Market risk (Continued)

## (a) Foreign currency exchange risk (continued)

Currency risk sensitivity analysis

The following table shows the sensitivity of the Group's and the Company's equity and loss net of tax to a reasonably possible change in the Singapore Dollar, United States Dollar, Euro Dollar, Thai Baht and Hong Kong Dollar exchange rates against the functional currency of the Group, with all other variables remain constant.

	<b>Group</b>		<b>Company</b>	
	<b>Profit net of tax</b>		<b>Profit net of tax</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
SGD/RM -strengthened 5%	142,403	196	838,620	298,167
-weakened 5%	(142,403)	(196)	(838,620)	(298,167)
USD/RM -strengthened 5%	133,760	(300,874)	(5,883)	(103,536)
-weakened 5%	(133,760)	300,874	5883	103,536
Euro/RM -strengthened 5%	(4,453)	(3,919)	-	-
-weakened 5%	4,453	3,919	-	-
THB/RM -strengthened 5%	(651)	(623)	-	-
-weakened 5%	651	623	-	-
HKD/RM -strengthened 5%	569	893	569	893
-weakened 5%	(569)	(893)	(569)	(893)

## (b) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's lease liabilities

**34. FINANCIAL INSTRUMENTS (CONTINUED)****FINANCIAL RISK MANAGEMENT (CONTINUED)**

Market risk (Continued)

(b) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

	<b>Group/Company</b>	
	<b>2023 (RM)</b>	<b>2022 (RM)</b>
<b>Fixed rate instruments</b>		
Hire purchase liabilities	(397,954)	-

Interest rate risk sensitivity analysis

Since the Group's rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

**34. FINANCIAL INSTRUMENTS (CONTINUED)****FINANCIAL RISK MANAGEMENT (CONTINUED)**Fair Value Information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of long term borrowings carried on the statements of financial position reasonably approximate fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statements of financial position:

<b>Group/Company</b>	<b>2023 Level 1 Fair Value (RM)</b>	<b>2022 Level 1 Fair Value (RM)</b>
<b>Financial asset</b>		
Financial assets at fair value through profit or loss	109,405	145,221

The Group does not anticipate the carrying amounts of other financial instruments recorded at the reporting date to be significant different from the values that would eventually settled.

### 35. RELATED PARTY DISCLOSURES

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

(a) The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

	<b>Group/Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
	<hr/>	<hr/>
Rental income received/receivable from related company:		
- Netinfinium Solutions Sdn. Bhd.	(54,000)	(54,000)
Management fees received/receivable from related company:		
- Netinfinium Solutions Sdn. Bhd.	(60,000)	(60,000)
	<hr/>	<hr/>
	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RM)</b>	<b>(RM)</b>
	<hr/>	<hr/>
Management fees received/receivable from subsidiary companies:		
- N2N Connect Pte. Ltd.	(646,746)	(650,975)
- N2N Global Solutions Sdn. Bhd.	(1,008,026)	(989,767)
- NGN Connection Sdn. Bhd.	(839,822)	(862,072)
- Hermes Bos Sdn. Bhd.	(60,000)	(60,000)
Rental income received/receivable from subsidiary companies:		
- N2N Global Solutions Sdn. Bhd.	(193,698)	(193,698)
- NGN Connection Sdn. Bhd.	(307,638)	(307,638)
- Hermes Bos Sdn. Bhd.	(24,000)	(24,000)
Dividend received/receivable from subsidiary companies:		
N2N Global Solutions Sdn. Bhd.	(12,500,000)	(12,500,000)
NGN Connection Sdn. Bhd.	(2,500,000)	(8,000,000)
N2N-AFE (Hong Kong) Limited	(11,751,980)	-
N2N Connect Ptd. Ltd.	(3,130,830)	-
	<hr/>	<hr/>

**35. RELATED PARTY DISCLOSURES (CONTINUED)**

- (b) Information regarding outstanding balances arising from related party transactions as at the end of the reporting period are disclosed in Notes 10, 11 and 12 to the financial statements.
- (c) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Group.

Information regarding the compensation of key management personnel is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023 (RM)</b>	<b>2022 (RM)</b>	<b>2023 (RM)</b>	<b>2022 (RM)</b>
Salaries, bonus and other emoluments	9,793,678	9,673,664	1,806,652	1,203,006
Contribution to defined contribution plan and social security	232,776	280,442	89,240	77,094
	<u>10,026,454</u>	<u>9,954,106</u>	<u>1,895,892</u>	<u>1,280,100</u>

**36. MATERIAL LITIGATION**

On 31 March 2021, N2N Connect Berhad and a few of its subsidiaries (collectively referred to as "Plaintiffs") filed a civil suit at the High Court of Malaya at Kuala Lumpur ("High Court") against Chua Tiong Hoong, Ahmad Ashraf bin Azman, Shyam Sundar Rayudu, Wong Voon Fui, Finevo Technology Sdn Bhd and AK Partner Hybrid Connect Sdn Bhd (collectively referred to as "Defendants") inter alia for breach of N2N's intellectual property rights, including but not limited to the copyright and trade secrets in the source codes and marketing materials; breach of fiduciary duties and breach of confidence.

On 2 April 2021, the Plaintiffs obtained an Anton Piller Order ("Order" or "APO") from the High Court. The Order allows the Plaintiffs, subject to the terms and conditions of the Order, to enter the Defendants' premises to inspect, take possession of documents, records or other items, which may form evidence in an action against the Defendants.

On 22 October 2021, the Defendants filed their appeals in the Court of Appeal against the High Court's dismissal of their applications to set aside the APO on 24 September 2021. The Court of Appeal had on 6 July 2023 allowed the Defendants' appeals and set aside the APO.

Following the decision of the Court of Appeal, the Plaintiffs had on 14 July 2023 filed the Notices of Motion for Leave to Appeal to the Federal Court. The Federal Court had on 7 December 2023 granted the Plaintiffs' Motions for Leave to Appeal. On 18 December 2023 the Plaintiffs filed their Notices of Appeal to the Federal Court. The Hearing of the Federal Court Appeals is fixed on 29 April 2024.

### 36. MATERIAL LITIGATION (CONTINUED)

The Court of Appeal had on 26 September 2023 granted the Plaintiffs' the stay of execution of the Court of Appeal decision on 6 July 2023 pending the disposal of the Federal Court Appeals.

On 25 July 2023, the Plaintiffs have filed an application for discovery in the High Court against the Defendants to obtain documents from Defendants to be used as evidence during the Trial. On 8 December 2023, the High Court dismissed the Plaintiffs' Discovery Application ("Encl. 423"). On 4 January 2024, the Plaintiffs filed a Notice of Appeal to the Court of Appeal against the dismissal of Encl. 423. The next case management at the Court of Appeal for the Appeal against the dismissal of Encl. 423 is on 2 May 2024.

On 2 August 2023, the Plaintiffs also filed an application for stay of the High Court's proceedings pending the disposal of the Plaintiffs' FC Leave Applications and, if leave is granted, pending the full and final disposal of the Federal Court Appeals. On 19 January 2024, the High Court dismissed the Plaintiffs' Application for stay of proceedings pending the disposal of the Federal Court Appeals ("Encl. 427"). On 29 January 2024, the Plaintiffs filed a Notice of Appeal to the Court of Appeal against the dismissal of Encl. 427. The first case management at the Court of Appeal against the dismissal of Encl. 427 is on 29 April 2024.

On 29 February 2024, the Plaintiffs filed Notices of Motion at the Federal Court for a Stay of Proceedings following the High Court's dismissal of Encl. 427. The hearing the Motions for a Stay of Proceedings is fixed on 19 April 2024. In the meantime, the High Court has fixed the dates for trial of the main suit from 2 to 8 May 2024.

In the Directors opinion, based on its examination of the developments to date and discussions with its legal counsel, the ultimate outcome of legal proceedings is not expected to have a material adverse effect on the Group and the Company's financial position.

### 37. SUBSEQUENT EVENTS

On 23 February 2024 and 26 February 2024, the Group had incorporated N2N-AFE International Limited ("N2N-AFE International") and NGN-AFE International Limited ("NGN-AFE International") respectively in Hong Kong for 2 ordinary shares at HKD 2 each.

On 28 February 2024, N2N-AFE International and NGN-AFE International has respectively increased their share capital to 182,500,000 ordinary shares and 14,000,000 ordinary shares for HKD182,500,000 and HKD14,000,000 respectively which were fully subscribed by N2N Connect Berhad.

On 28 February 2024, N2N-AFE International had entered into two Share Sales Agreement with N2N Connect Berhad, to acquire the entire equity interest in N2N Global Solutions Sdn. Bhd. and N2N-AFE (Hong Kong) Limited at a purchase consideration of RM19,900,000 and RM91,000,000 respectively.

On 28 February 2024, NGN-AFE International had entered into Share Sales Agreement with N2N Connect Berhad, to acquire the entire equity interest in NGN Connection Sdn. Bhd. at the purchase consideration of RM8,600,000.

**37. SUBSEQUENT EVENTS (CONTINUED)**

The Group as a provider of comprehensive services in capital market trading solutions and network and infrastructure solutions have carried out these internal restructuring exercise of the subsidiaries within the N2N Group of Companies to optimise the corporate framework to better align with the Group's fundamental business operations to foster a more integrated and agile business operational framework and serve as a consolidated platform, harnessing the strengths and capabilities of the corporate framework to drive greater innovation, efficiency and market penetration to forge ahead with continuous growth and expansion efforts regionally aimed at expanding our market reach and enhancing our service offerings.

**38. DATE OF AUTHORISATION FOR ISSUE**

The financial statements of the Group and of the Company for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors dated 16 April 2024.

**LIST OF PROPERTY OF N2N CONNECT BERHAD AS OF 31 DECEMBER 2023**

<b>Postal Address</b>	<b>Approximate Age of Building</b>	<b>Tenure / Date of Acquisition</b>	<b>Remaining Lease Period (expiry of Lease)</b>	<b>Current Use</b>	<b>Land Area (SQ Feet)</b>	<b>Carrying Amount as of 31 December 2023 (RM '000)</b>
Wisma N2N Tower 2, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	14 years	Leasehold / 3 June 2011	84 years (16 August 2106)	Corporate Offices	54,059	29,874

## ANALYSIS OF SHAREHOLDINGS AS OF 29 MARCH 2024 (BASED ON RECORD OF DEPOSITORS)

Type of Securities	: Ordinary Shares
Total number of Shares issued	: 558,204,201 Ordinary Shares
Voting rights	: One vote per Ordinary Share
No. of shareholders	: 4,278

### 1. DISTRIBUTION SCHEDULE OF SHAREHOLDERS

<u>No. of Holders</u>	<u>Holdings</u>	<u>Total Holdings</u>	<u>%</u>
64	Less than 100	1,532	0.00
452	100 to 1,000	276,471	0.05
2,103	1,001 to 10,000	11,831,880	2.12
1,405	10,001 to 100,000	46,053,056	8.25
249	100,001 to less than 5% of issued shares	183,358,015	32.85
5	5% and above of issued shares	316,683,247	56.73
<hr/> 4,278 <hr/>		<hr/> 558,204,201 <hr/>	<hr/> 100.00 <hr/>

## 2. LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTHOLDERS

Name	No. of Shares	Percentage %
1. Amsec Nominees (Asing) Sdn Bhd <i>Pledged Securities Account For Hundsun Holdings Limited</i>	132,055,852	23.66
2. N2N Connect Holdings Sdn Bhd	91,622,095	16.41
3. CGS International Nominees Malaysia (Asing) Sdn Bhd <i>Exempt An for CGS International Securities Singapore Pte. Ltd. (Retail Clients)</i>	33,023,300	5.92
4. CGS International Nominees Malaysia (Asing) Sdn Bhd <i>Pledged Securities Account for Nikkei Inc</i>	29,991,000	5.37
5. CGS International Nominees Malaysia (Asing) Sdn Bhd <i>Pledged Securities Account for Quick Corp</i>	29,991,000	5.37
6. Wong Kok Ping	19,015,266	3.41
7. Lai Su Ping	18,040,857	3.23
8. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for UBS Switzerland AG (Clients Assets)</i>	17,280,000	3.10
9. Tiang Boon Hwa	15,803,426	2.83
10. Chua Hock Ann	7,061,362	1.27
11. Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kuan Teck</i>	6,539,100	1.17
12. CGS International Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Ching Chee (MY0605)</i>	5,630,800	1.01
13. Tan Kuan Teck	4,568,900	0.82
14. Chan See Wai	3,900,056	0.70
15. Kenangan Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Gan Sem Yam</i>	3,031,000	0.54
16. Lai Sok Kun	2,913,100	0.52
17. Lim Kok Tean	2,363,916	0.42
18. Chen Boon Chew	1,890,000	0.34

19. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siaw Teck Siong (E-PDG)</i>	1,752,600	0.31
20. Quah Choon Wah	1,594,466	0.29
21. Shum Thin Soon	1,500,000	0.27
22. Koay Choon Chin	1,400,000	0.25
23. Loh Lan Jin @ Loh Luan Eng	1,354,000	0.24
24. Aw Kheng Tong	1,285,000	0.23
25. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Khoon Hoo (E-TMI)</i>	1,250,000	0.22
26. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Tat Leng (7009321)</i>	1,211,000	0.22
27. Liew Kim Loong	1,207,300	0.22
28. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Quah Choon Wah</i>	1,152,000	0.21
29. Tang Yim Heng	1,135,300	0.20
30. Lim Seng Keong	1,116,000	0.20
	<b>440,678,696</b>	<b>78.95</b>

### 3. LIST OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
1. Hundsun Holdings Limited	132,055,852	23.66	-	-
2. Hundsun Technologies Inc.	-	-	132,055,852 <sup>(1)</sup>	23.66
3. N2N Connect Holdings Sdn Bhd	91,622,095	16.41	-	-
4. CGS International Nominees Malaysia (Asing) Sdn Bhd <i>Pledged Securities Account for Nikkei Inc</i>	29,991,000	5.37	29,991,000 <sup>(2)</sup>	5.37
5. CGS International Nominees Malaysia (Asing) Sdn Bhd <i>Pledged Securities Account for Quick Corp</i>	29,991,000	5.37	-	-
6. Tiang Boon Hwa	17,421,033	3.12	109,662,952 <sup>(3)</sup>	19.65
7. Lai Su Ping	18,040,857	3.23	109,043,128 <sup>(4)</sup>	19.53

## 4. DIRECTORS' INTEREST IN SHARES IN THE COMPANY AND ITS RELATED COMPANIES

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
1. Tiang Boon Hwa	17,421,033	3.12	109,662,952 <sup>(3)</sup>	19.65
2. Lai Su Ping	18,040,857	3.23	109,043,128 <sup>(4)</sup>	19.53
3. Dato' Sim Kia Ju	-	-	-	-
4. Goh Ching Chee	6,630,800	1.19	-	-
5. Elaine Foong Sooi Jade	-	-	-	-
6. Chua Hock Seng	-	-	-	-
7. Lin, Lin	-	-	-	-

The above Directors by virtue of their shareholdings in the Company are also deemed interested in shares in the related corporations to the extent the Company has an interest.

**NOTE:**

- (1) Deemed interested by virtue of its interest in Hundsun Holdings Limited.
- (2) Deemed interested by virtue of its interest in Quick Corp.
- (3) Deemed interested by virtue of his interest in N2N Connect Holdings Sdn Bhd and his spouse, Lai Su Ping's interest, pursuant to Sections 8 and 59 of the Companies Act 2016.
- (4) Deemed interested by virtue of her interest in N2N Connect Holdings Sdn Bhd and her spouse, Tiang Boon Hwa's interest, pursuant to Sections 8 and 59 of the Companies Act 2016.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty Third Annual General Meeting (“AGM”) of the Company will be held at Wisma N2N, Level 9, Tower 2, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on Thursday 23 May 2024 at 10:00 a.m. to transact the following business:

### Agenda

#### Ordinary Business

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.  
[Please refer to Notes (i)]
2. To approve the payment of Directors’ Fees of RM890,508 for the financial year ending 31 December 2024.  
[Please refer to Notes (ii)] *(Ordinary Resolution 1)*
3. To approve the payment of Directors’ benefits (excluding Directors’ Fees) up to an amount of RM20,000 payable from 1 January 2024 until the next Annual General Meeting of the Company to be held in the year 2025.  
[Please refer to Notes (iii)] *(Ordinary Resolution 2)*
4. To re-elect the following Directors retiring in accordance with Clause 103(1) of the Company’s Constitution:
  - 4.1 Mr Tiang Boon Hwa *(Ordinary Resolution 3)*
  - 4.2 Mr Goh Ching Chee *(Ordinary Resolution 4)*
5. To re-elect the following Directors retiring in accordance with Clause 110 of the Company’s Constitution:
  - 5.1 Ms Lin, Lin *(Ordinary Resolution 5)*
6. To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration. *(Ordinary Resolution 6)*

#### Special Business

7. To consider and if thought fit, to pass the following as an ordinary resolution, with or without modification :-

#### **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT, subject to the Companies Act, 2016, the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”) and the approval of such relevant government and/or regulatory authorities where necessary, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue ordinary shares in the Company at any time until the conclusion of the next Annual General Meeting (“AGM”) 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 ordinary shares to be issued does not exceed ten percent (“10%”) of the total number of issued shares (excluding treasury shares) of the Company at the time of issue, and that the Directors be and are also empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.

*(Ordinary  
Resolution 7)*

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act, 2016 and Clause 13 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares pursuant to this mandate by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotment and/or any other forms of distribution which may be declared, made or paid before the date of allotment of such new shares.

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

8. To consider and if thought fit, to pass the following as an ordinary resolution, with or without modification :-

**PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED SHARE BUY-BACK”)**

*(Ordinary  
Resolution 8)*

“THAT, subject to the Companies Act, 2016, the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”) and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares (“Shares”) on the ACE Market of Bursa Securities (“Proposed Share Buy-Back”) at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

- a. The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company and in compliance with the

public shareholding spread requirements as stipulated in Rule 8.02(1) of the ACE LR or such other requirements as may be determined by Bursa Securities from time to time;

- b. The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profit of the Company based on the latest Audited and unaudited Financial Statements of the Company (where applicable) available at the time of purchase(s);
- c. The authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-
  - i. the conclusion of the next Annual General Meeting (“AGM”) at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
  - iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first; and

- d. That upon completion of the purchase by the Company of its own ordinary shares, the Board of Directors be and are hereby authorized to deal with the ordinary shares purchased in their absolute discretion in the following manner:
  - i. cancel all or part of the Purchased Shares; and/or
  - ii. retain all or part of the Purchased Shares as Treasury Shares; and/or
  - iii. distribute all or part of the Treasury Shares as share dividends to the Company’s shareholders; and/or
  - iv. resell all or part of the Treasury Shares on Bursa Securities; and/or
  - v. transfer all or part of the Treasury Shares for the purposes of or under an employees’ share scheme; and/or
  - vi. transfer all or part of the Treasury Shares as purchase consideration; and /or
  - vii. sell, transfer or otherwise use all or part of the Treasury Shares for such other purposes as the Minister may by order prescribe.

AND THAT authority be and is hereby given to the Board of Directors to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

- 9. To consider and if thought fit, to pass the following as an ordinary resolution, with or without modification :-

## RETENTION OF INDEPENDENT DIRECTOR

“That Ms Elaine Foong Sooi Jade, who will be completing her term of nine years as an Independent Non-Executive Director of the Company on 14 March 2025, be retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.”

*(Ordinary  
Resolution 9)*

10. To transact any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Twenty Third Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. (“Bursa Depository”) in accordance with Clause 71 of the Company’s Constitution and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 15 May 2024. Only a depositor whose name appears on the Record of Depositors as at 15 May 2024 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

By order of the Board

**HO MUN YEE (SSM PC NO. : 201908003292) (MAICSA 0877877)**  
**CHO MEI THO (SSM PC NO. : 201908003284) (MAICSA 7036543)**  
**Company Secretaries**

Kuala Lumpur  
23 April 2024

### NOTES:

1. *A proxy may but need not be a member of the Company.*
2. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*
3. *The instrument appointing a proxy must be deposited at the Company’s Share Registrar’s office at Boardroom Share Registrars Sdn. Bhd., G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Individual shareholders can also have the option to submit the proxy appointment electronically via the Share Registrar’s website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> before the proxy form submission cut-off time as mentioned above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.*

**NOTES:**

- (i) The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence this matter will not be put for voting.
- (ii) The proposed Directors' Fees based on the current number of Directors are as follows:

<b>CATEGORY</b>	<b>RM (per Director, per annum)</b>
Chairperson of the Board and the Committees	RM148,418
Executive Director	RM148,418
Non-Executive Director	RM127,050

- (iii) The benefits payable to the Directors (excluding Directors' Fees) comprises meeting allowances. The estimated meeting allowances payable to the Directors from 1 January 2024 until the next Annual General Meeting to be held in the year 2025, are calculated based on the number of scheduled meetings for Board of Directors, Board Committees and general meetings of the Company.

**EXPLANATORY NOTES ON SPECIAL BUSINESS****A. Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

Ordinary Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting ("AGM"), to issue ordinary shares in the Company up to and not exceeding ten percent ("10%") of the total number of issued shares (excluding treasury shares) of the Company at the time of issue. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

Ordinary Resolution 7, if passed, will exclude the statutory pre-emptive right of the Company's shareholders to be offered any new Shares to be issued by the Company pursuant to the authority given under Sections 75 and 76 of the Companies Act 2016.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 25 May 2023, in which the said mandate will lapse at the conclusion of this AGM.

The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisitions and/or such other applications that the Directors may in their absolute discretion deem fit.

**B. Proposed Renewal of Authority to Buy-Back Shares**

Ordinary Resolution 8, if passed, will provide mandate for the Company to buy-back its own shares up to a limit of ten percent ("10%") of the total number of issued shares of the Company. Further explanatory notes on Ordinary Resolution 8 is set out in the Share Buy-Back Statement to Shareholders dated 23 April 2024.

### **C. Retention of Independent Director**

Ms Elaine Foong Sooi Jade, who was appointed on 15 March 2016, will be completing her tenure of nine (9) years on 14 March 2025. In line with the recommendation of the Malaysian Code on Corporate Governance (Practice 5.3), the Company is seeking shareholder's approval for her retention as an Independent Non-Executive Director of the Company beyond nine (9) years. Ordinary Resolution 9, if passed, will enable Ms Foong to be retained as an Independent Non-Executive Director of the Company.

The Board of Directors has vide the Nominating and Remuneration Committee conducted an assessment of independence on Ms Foong and recommended her to continue to act as an Independent Non-Executive Director based on the following justifications:-

#### Justifications

- a. She has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements and is therefore able to give independent opinion to the Board;
- b. Being director for close to nine years has enabled her to contribute positively during deliberations/discussions at meetings as she is familiar with the operations of the Company and possess knowledge of the Company's operations;
- c. She has contributed sufficient time and exercised due care during her tenure as an Independent Non-Executive Director;
- d. She has discharged her professional duties in good faith and also in the best interest of the Company and shareholders;
- e. She has the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
- f. She has never compromised on her independent judgement.

## **STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING**

### **A. Further Details of the Directors who are standing for re-election as Directors**

The details of the Directors who are standing for re-election at the Twenty Third Annual General Meeting are set out in the Directors' Profile of the Company's 2023 Annual Report. No individual other than the retiring Directors are seeking election as Directors at the Twenty Third Annual General Meeting.

The retiring Directors have been assessed by the Nomination and Remuneration Committee and the Board of Directors. The Directors recommended the retiring Directors for re-election at the Twenty Third Annual General Meeting after considering their experience, integrity, competence, performance and commitment in discharging their roles as Directors of the Company.

### **B. Mandate for Issuance of Shares**

Further details of the authority to Directors to issue ordinary shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are as stated above in the Explanatory Notes on Special Business.

Personal Data Privacy

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

Note : The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.



**N2N CONNECT BERHAD**  
200001020530 (523137-K)  
(Incorporated in Malaysia)

PROXY FORM

CDS Account No. :

No. of Shares held :

Tel No. :

I/We, \_\_\_\_\_  
(Full name in Block Letters and NRIC/Passport/Company No.)

of \_\_\_\_\_  
(Address)

being a member(s) of N2N CONNECT BERHAD, hereby appoint

Full Name (in Block Letters) and address	NRIC/Passport No.	% of Shareholding

or failing him/her

Full Name (in Block Letters) and address	NRIC/Passport No.	% of Shareholding

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held at Wisma N2N, Level 9, Tower 2, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on Thursday, 23 May 2024 at 10:00 a.m. or at any adjournment thereof.

		FOR	AGAINST
Ordinary Resolution 1	Directors' fees for the year ending 31 December 2024		
Ordinary Resolution 2	Directors' benefits		
Ordinary Resolution 3	Re-election of Mr Tiang Boon Hwa		
Ordinary Resolution 4	Re-election of Mr Goh Ching Chee		
Ordinary Resolution 5	Re-election of Ms Lin, Lin		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Sections 75 and 76		
Ordinary Resolution 8	Proposed Share Buy-Back		
Ordinary Resolution 9	Retention of Independent Director - Ms Elaine Foong Sooi Jade		

*Subject to any voting instructions so given, the proxy will vote, or may abstain from voting on any resolution as he/she may think fit.*

\_\_\_\_\_  
Signature(s)/Common Seal of Shareholder

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

NOTES

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. The instrument appointing a proxy must be deposited at the Company's Share Registrar's office at Boardroom Share Registrars Sdn. Bhd., G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Individual shareholders can also have the option to submit the proxy appointment electronically via the Share Registrar's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/> before the proxy form submission cut-off time as mentioned above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

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AFFIX  
STAMP

The Share Registrar  
N2N CONNECT BERHAD  
200001020530 (523137-K)  
Boardroom Share Registrars Sdn. Bhd.,  
G Floor or 11th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan

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# CORPORATE INFORMATION

## COMPANY SECRETARIES

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Ho Mun Yee  
MAICSA: 0877877  
SSM PC NO: 201908003292

Cho Mei Tho  
MAICSA: 7036543  
SSM PC NO: 201908003284

## REGISTERED OFFICE

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3rd Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur  
T: 603. 4044 3235  
F: 603. 4041 3959  
email: [esprit@espritms.com.my](mailto:esprit@espritms.com.my)

## HEAD OFFICE

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Wisma N2N, Level 9, Tower 2, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
T: 603. 2241 1818  
F: 603. 2241 1616  
website: [www.n2nconnect.com](http://www.n2nconnect.com)

## AUDITORS

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HLB Ler Lum Chew PLT (201906002362 & AF0276)  
Chartered Accountants  
Level 23, Hampshire Place Office 157, Hampshire, 1 Jalan Mayang Sari, Off, Jln Tun Razak, 50450 Kuala Lumpur  
T: 603. 7890 5588

## REGISTRAR

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Boardroom Share Registrars Sdn. Bhd.  
199601006647 (Co. No. 378993-D)  
11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor, Malaysia  
T: 603. 7890 4700  
F: 603. 7890 4670

## PRINCIPAL BANKERS

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Standard Chartered Saadiq Berhad  
OCBC Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

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ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name: N2N  
Stock Code: 0108.KL

### 23RD ANNUAL GENERAL MEETING

N2N's 23rd AGM will be held at Wisma N2N, Level 9 on Thursday, 23 May 2024 at 10 am.  
Details of the meeting have been sent to shareholders separately.



Wisma N2N, Level 9, Tower 2, Avenue  
3, Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.

T: 603 2241 1818  
F: 603 2241 1616

[www.n2nconnect.com](http://www.n2nconnect.com)