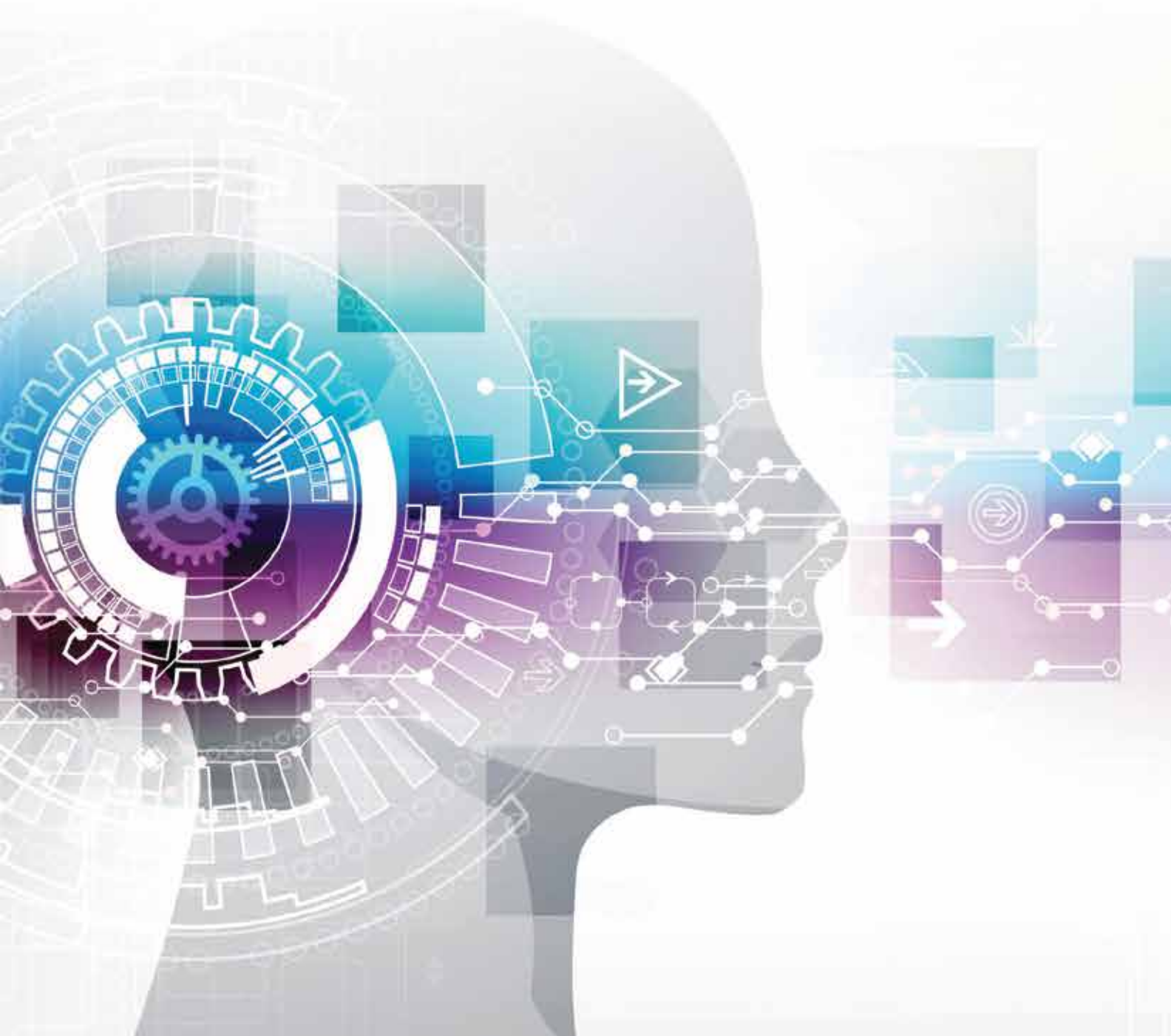




ARB BERHAD
199701033435 (448934-M)

ANNUAL REPORT **2023**





CONTENTS

02	WHO WE ARE	50	STATEMENT OF DIRECTORS RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS
04	THIS IS WHAT WE DO	51	ADDITIONAL COMPLIANCE INFORMATION
05	OUR MILESTONES	52	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
06	AWARD(S) AND RECOGNITION	54	AUDIT COMMITTEE REPORT
07	5 YEARS GROUP FINANCIAL HIGHLIGHTS	57	FINANCIAL STATEMENTS
09	CORPORATE INFORMATION	130	STATISTICS OF ORDINARY SHAREHOLDINGS
10	PROFILE OF BOARD OF DIRECTORS	132	NOTICE OF ANNUAL GENERAL MEETING
12	CHAIRPERSON'S STATEMENT	137	STATEMENT ACCOMPANYING NOTICE OF 25TH ANNUAL GENERAL MEETING
14	MANAGEMENT DISCUSSION AND ANALYSIS		PROXY FORM
19	SUSTAINABILITY REPORT		HARDCOPY REQUEST FORM
38	CORPORATE GOVERNANCE OVERVIEW STATEMENT		

WHO WE ARE

Vision



Creating a sustainable world today for future generations

Mission



We aspire:

- Help businesses capitalised on new opportunities
- Implement innovation IT solutions to achieve businesses optimal efficiency
- Strengthen communities with sustainable solutions

WE ARE ARB

ARB Berhad ("ARB" or "the Group") was incorporated in Malaysia in October 1997 under the Companies Act 1965 and was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in February 2004. We evolved from timber as our core business to include information technology ("IT") solutions and services.

To reflect and cement our new corporate identity and values, we changed our company name to ARB Berhad and underwent a corporate facelift in April 2019. Since the diversification of the Group, we have experienced accelerated growth, clinching lucrative deals and establishing a strong base of clientele and partners, both locally and abroad. In April 2020, ARB has changed its stock sector to Technology, Software Sub Sector. We focus in software development in cloud customised ERP solutions and IoT related solutions to reduce dependance on external vendors in order to capture higher share of the markets. Our stellar growth owes much to our experienced and talented management team who come with vast and diverse experiences. With our talented management team and our commitment for excellence, we look forward to grow from strength to strength.

Our wholly-owned subsidiary of IOT segment, ARB IOT Group Limited ("AIGL") had listed on NASDAQ Stock Exchange on 5 April 2023 under the ticker number of "ARBB".

WHO WE ARE (CONT'D)

Values



Obstacles is an opportunity

Dare to accept failures and move forward with hope

Teamwork

To work towards a common objective
Believe in the team means believe in success

Commitment

Dedicated to keep promise to our customers,
business partners and suppliers

Innovation is Our Drive

A commitment to innovation and excellence

THIS IS WHAT WE DO

The Fourth Industrial Revolution ("IR4.0"), a fusion of leading-edge production techniques and smart systems that integrate with organisations and people.

IR4.0 is the current and developing environment in which disruptive technologies and trends such as the IoT, robotics, virtual reality ("VR") and artificial intelligence ("AI") are changing the way modern people live and work.

In view of that, ARB comes in to provide meaningful IT solutions and services to build a sustainable future which are innovative to meet the ever-evolving need of our customers. Our business segments consists of ERP segment (Cloud, CRM and Digital Platform) and IoT segment.

What is Cloud?

A cloud-based system, often known as cloud computing, is a broad term for anything that involves the delivery of hosted services via the internet. It aims to give easy access to computer resources and information technology services.

What is CRM?

Customer Relationship Management ("CRM") is a set of integrated, data-driven software solutions that help manage, track, and store information of clients' current and potential customers. It aims to improve business relationships, helps companies stay connected to customers, streamline processes, and improve profitability.

What is Digital Platform?

Digital platform, often known as a cloud-based platform, is the software and technology that unify and streamline business operations and IT systems. A digital platform serves as a company's backbone for operations and customer engagement.

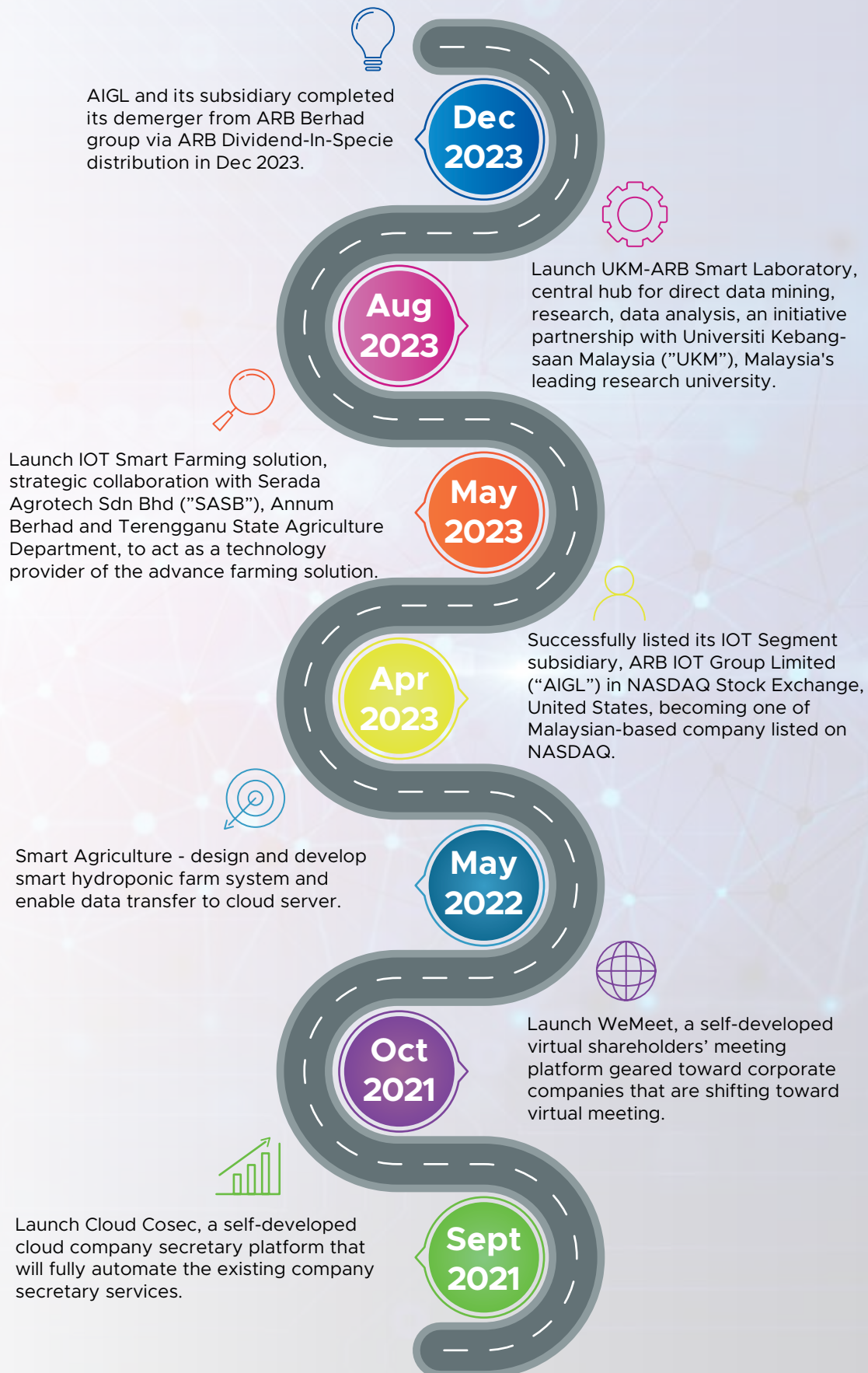
What is IoT?

Internet of Things ("IoT") is a set interrelated computing devices, mechanical and digital machines that are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

What we provide?

- ❑ design and development of cloud customised ERP, CRM, Digital Platform and IoT solutions for our customers of various industries according to their strict specifications.
- ❑ integration of businesses' existing ERP system into cloud systems and digital platform to streamline core business processes to promote robust business performances.
- ❑ provisions of supports, troubleshooting, and implementation to cloud customised ERP system to ease migration from business existing system or for new cloud customised ERP system implementation.
- ❑ Provision of professional services hub which includes:-
 - Cloud Cosec, a cloud-based fully automated secretarial service solution.
 - WeMeet, a virtual shareholders meeting platform.
 - cloud-based accounting system for professional accountants.
 - right issue offer system - A cloud based professional software designed for the shareholders of public listed companies to be able to electronically subscribe for or purchase the relevant rights securities pursuant to a right issue exercise.

OUR MILESTONES





In Praise of **A** Excellence
International Business Review **ASEAN**
AWARDS 2022

THE AWARDS CELEBRATE THE CORPORATIONS, GOVERNMENT AGENCIES AND LEADERS WHO ARE THE BACKBONE OF OUR ECONOMY, WHOSE MILESTONES ARE THE FOUNDATION OF OUR REGIONAL PROSPERITY AND WHOSE ASPIRATIONS ARE IN LINE WITH OUR NATIONAL VISION OF GROWTH AND PROGRESS.

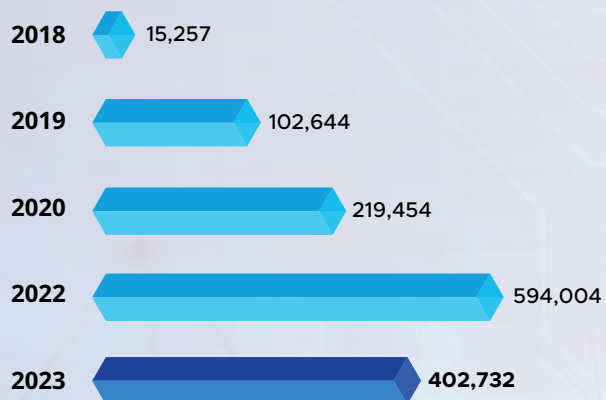
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Year/period ended 31 December/30 June	2018	2019	2020	2022	2023*
Results (RM'000)					
Revenue	15,257	102,644	219,454	594,004	402,732
(Loss)/Profit before tax	4,253	33,041	44,223	96,197	(58,338)
Net (loss)/profit	4,232	32,823	42,870	79,520	(35,514)
(LPS)/EPS (cents)	6.30	11.46	9.55	12.40	(2.94)
Statement of Financial Position (RM'000)					
Share capital	15,748	60,268	93,290	196,935	199,673
Shareholders' equity	23,428	109,816	183,761	377,231	203,415
Total assets	24,789	127,034	255,335	415,745	220,707
Share Capital (number of shares '000)	67,210	289,813	454,924	1,216,435	1,235,990
Net assets per share (RM)	0.35	0.38	0.40	0.31	0.16
Ratio (%)					
(LBT)/PBT margin	27.9	32.2	20.2	16.2	(14.5)
Return on shareholders equity	18.1	29.9	23.3	21.1	(17.5)

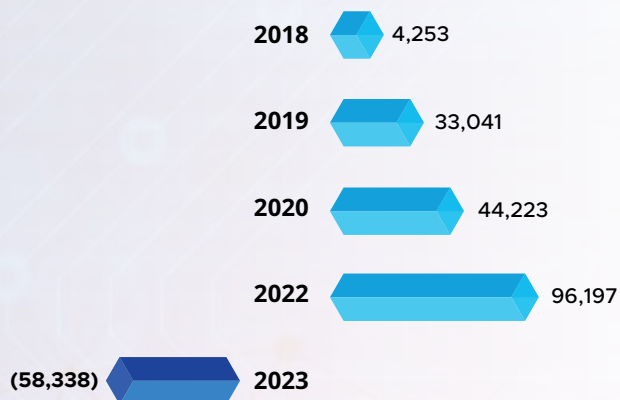
* During the financial period, the Group has changed the financial year end from 30 June to 31 December.

5 YEARS GROUP FINANCIAL HIGHLIGHTS (CONT'D)

Revenue (RM'000)



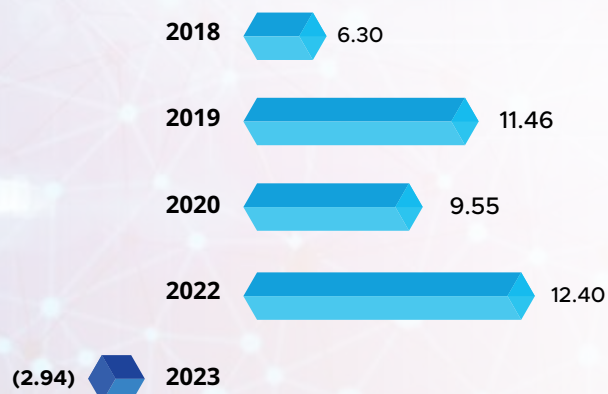
(Loss)/Profit before tax (RM'000)



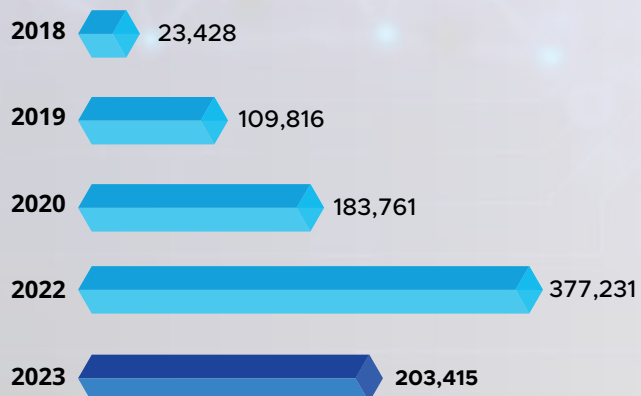
Net (loss)/Profit (RM'000)



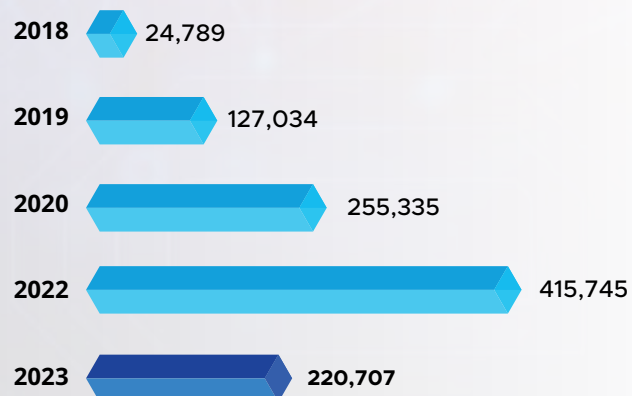
(LPS)/EPS (cents)



Shareholders' equity (RM'000)



Total assets (RM'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Yuen Ya Ting

Independent Non-Executive Chairperson
(Appointed w.e.f 17.11.2022 and Re-designated as
Chairperson w.e.f 28.12.2023)

Hong Zi Shen

Executive Director
(Appointed w.e.f 10.07.2023)

Khor Chin Meng

Independent Non-Executive Director

Aiman Afiffudin Bin Ramlee

Independent Non-Executive Director
(Appointed w.e.f 11.10.2023)

AUDIT COMMITTEE

Khor Chin Meng

Independent Non-Executive Director
Chairman

Yuen Ya Ting

Independent Non-Executive Chairperson
Member
(Appointed w.e.f 17.11.2022)

Aiman Afiffudin Bin Ramlee

Independent Non-Executive Director
Member
(Appointed w.e.f 11.10.2023)

REMUNERATION COMMITTEE

Aiman Afiffudin Bin Ramlee

Independent Non-Executive Director
Chairman
(Appointed w.e.f 11.10.2023)

Khor Chin Meng

Independent Non-Executive Director
Member

Yuen Ya Ting

Independent Non-Executive Chairperson
Member
(Appointed w.e.f 17.11.2022)

NOMINATION COMMITTEE

Aiman Afiffudin Bin Ramlee

Independent Non-Executive Director
Chairman
(Appointed w.e.f 11.10.2023)

Khor Chin Meng

Independent Non-Executive Director
Member

Yuen Ya Ting

Independent Non-Executive Chairperson
Member
(Appointed w.e.f 17.11.2022)

COMPANY SECRETARY

TAN TONG LANG
(MAICSA 7045482/ SSM PC No. 202208000250)

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan
Tel No.: 03-9770 2200
Fax No.: 03-2201 7774
Email: boardroom@boardroom.com.my

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

22.08, Level 22, Menara Exchange 106
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
Wilayah Persekutuan
Tel No.: 03-2276 1143

AUDITORS

Messrs. Chengco PLT (AF0886)
Chartered Accountants
Wisma Cheng & Co.
8-2, Jalan 2/114
Kuchai Business Centre
58200 Kuala Lumpur
Tel no: 03-7984 8988
Fax no: 03-7984 4402
Email: enquiry@chengco.asia

PRINCIPAL BANKERS

CIMB Bank Berhad

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan
Tel No.: 03 -9770 2200
Fax No.: 03 -2201 7774
Email: admin@aldpro.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock name: ARBB (7181)

WEBSITE

www.arbberhad.com

INVESTOR RELATIONS

Email: contact@arbberhad.com



PROFILE OF BOARD OF DIRECTORS

YUEN YA TING

43 years | Malaysian | Female

Independent Non-Executive Chairperson

DATE OF APPOINTMENT

17 November 2022

DATE OF RE-DESIGNATION

28 December 2023

MEMBERSHIP(S) OF BOARD COMMITTEES

- Audit Committee (Member)
- Nomination Committee (Member)
- Remuneration Committee (Member)

QUALIFICATION(S)

- Associate member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
- Professional Diploma in Corporate Administration

WORKING EXPERIENCE(S) AND OCCUPATION(S)

Ms Yuen Ya Ting ("Ms Julia") has more than 20 years of professional experience in company secretarial practice. She was pursuing her career in a few secretarial firms and then a public listed company. She has established her first secretarial firm since 2017 and a second secretarial firm since 2023.

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER

None

DECLARATION

Ms Julia does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with ARB or its subsidiaries and has no conviction for any offences within the past 5 years other than traffic offences, if any during the financial period ended 31 December 2023.

HONG ZI SHEN

43 years | Malaysian | Male

Executive Director

DATE OF APPOINTMENT

10 July 2023

MEMBERSHIP(S) OF BOARD COMMITTEES

None

QUALIFICATION(S)

- Master of Data Science (Computer Science), University Malaya
- Bachelor of Engineering (Computer Science), Tsinghua University of China
- Diploma in Information Technology, New Era University College of Malaysia

WORKING EXPERIENCE(S) AND OCCUPATION(S)

Mr Hong Zi Shen was appointed to the Board of Directors of ARB Berhad as an Executive Director of the Company on 10 July 2023. Mr Hong Zi Shen has more than 20 years of experience in telecommunications and software industries. Since 2018, he has held the position of Chief Technology Officer and Co-Founder at Axflx Sdn Bhd, leading the company's technical direction and fostering innovation. Throughout his career, Mr. Hong has shown a commitment to excellence and has made significant contributions to the technology sector.

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER

None

DECLARATION

Mr Hong Zi Shen does not have any family relationship with any Director and/or major shareholder of the Company. His interest in the securities of the Company is disclosed in the Annual Report and he has no conflict of interest or potential conflict of interest, including any interest in any competing business with ARB or its subsidiaries. He has no convictions for any offences within the past 5 years other than traffic offences, if any during the financial period ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

KHOR CHIN MENG

51 years | Malaysian | Male
Independent Non-Executive Director

DATE OF APPOINTMENT

31 January 2019

MEMBERSHIP(S) OF BOARD COMMITTEES

- Audit Committee (Chairman)
- Nomination Committee (Member)
- Remuneration Committee (Member)

QUALIFICATION(S)

- Fellow member of the Association of Chartered Certified Accountant (FCCA), United Kingdom

WORKING EXPERIENCE(S) AND OCCUPATION(S)

Mr Khor has more than 20 years of professional experience in auditing and taxation. He started his career since 1996 by joining a Malaysia audit firm. He became a partner of a corporate firm in 1997 and owned a Tax Advisory firm since 2010.

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER

Independent Non-Executive Director of Annum Berhad

DECLARATION

Mr Khor Chin Meng does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with ARB or its subsidiaries and has no conviction for any offences within the past 5 years other than traffic offences, if any during the financial period ended 31 December 2023.

AIMAN AFIFFUDIN BIN RAMLEE

34 years | Malaysian | Male
Independent Non-Executive Director

DATE OF APPOINTMENT

11 October 2023

MEMBERSHIP(S) OF BOARD COMMITTEES

- Nomination Committee (Chairman)
- Remuneration Committee (Chairman)
- Audit Committee (Member)

QUALIFICATION(S)

- Associate member of Malaysia Institute of Accountants (MIA)
- Bachelor of Accounting, University Tenaga Nasional

WORKING EXPERIENCE(S) AND OCCUPATION(S)

Encik Aiman Afiffudin Bin Ramlee is a Managing Partner of AR & Associates, a firm registered with the Malaysian Institute of Accountants. He has experience with a demonstrated history of working in the management consulting industry with various type of clients from Company listed in Bursa Malaysia and small or medium-sized enterprise (SME). He also skilled in Accounting, Malaysian Financial Reporting Standards (MFRS), Assurance and Internal Audit review. He currently sits on the Supergen Berhad as a Chief Financial Officer. Currently, he is also a licensed Company secretary govern by Companies Commission of Malaysia.

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER

None

DECLARATION

Encik Aiman does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with ARB or its subsidiaries and has no conviction for any offences within the past 5 years other than traffic offences, if any during the financial period ended 31 December 2023.

CHAIRPERSON'S STATEMENT

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of ARB Berhad ("ARB" or "Company") and its subsidiaries ("Group") for the financial period ended 31 December 2023 ("FPE 2023").

INDUSTRY OUTLOOK AND PROSPECT

The information and communication subsector expanded by 5.2% in 2022, backed by telecommunication segment following soaring usage of e-commerce services and subscription to media streaming including entertainment and sport packages. The expansion of the segment was also attributed by the broadband's wider coverage and better internet speed through the National Digital Network (JENDELA) initiative.

The information and communication subsector is anticipated to further expand, mainly led by the wider digital adoption by businesses and individuals particularly the utilisation of Fixed Wireless Access and other fit-for-purpose technologies. In addition, efforts to attract high-quality investment in digital-related infrastructures such as data centres and cloud computing services along with continued surge of online streaming activities will further boost the subsector.

(Source: Economic Performance and Outlook 2023, Ministry of Finance Malaysia, 24 February 2023)

Malaysia's journey towards accelerating economic development towards a high-income nation hinges upon the acquisition and utilisation of productive knowledge, particularly in increasingly sophisticated industries and products. Malaysia's economy must effectively diversify into products that require rich and deep know-how which only a few other countries master, from innovation intensive sectors such as electrical and electronics, aerospace, ICT, pharmaceutical, medical devices to the diverse high-tech engineering products. By increasing complexity, Malaysia aims to enhance the strategic competitive positioning in industries in a wider range of products and services.

In the recent Technology and Innovation Report 2023, by the United Nations Conference on Trade and Development ("UNCTAD"), which assessed the global readiness for frontier technologies, Malaysia is ranked 32nd among 166 countries and fifth in Asia. This is contributed by the industry's adoption and adaptation of frontier technologies and access to finance the technologies.

The Industry4WRD policy was introduced in 2018 to accelerate Malaysia's manufacturing sector's digitalisation journey. The aim was to transform the manufacturing sector and manufacturing-related services to adopt Industry 4.0 technologies in order to increase the level of labour productivity, elevate contribution of manufacturing to the economy, strengthen innovation capacity and capability and increase the number of high-skilled workers in the manufacturing sector.

Similarly, the Government will accelerate digitalisation and integration to support the industry. By streamlining and digitalising processes, it will improve the delivery of public services and ease the process of doing business in Malaysia.

Collectively, both the Government and industry will spur technology innovation and create more local technology solutions. By supporting homegrown talent and encouraging disruptive ideas, Malaysia can transition from being a technology provider to a technology creator.

The NIMP 2030 will further enhance the Industry4WRD programmes to accelerate the technology shift towards Industry 4.0. By leveraging Industry 4.0 technologies, Malaysia will continue to maintain its competitiveness amidst the rapidly changing global landscape. The Government is committed to ensuring the readiness of digital infrastructure to support industry development. In the face of rapidly advancing technology, Malaysia must act promptly to establish a robust and adaptable digital infrastructure.

(Source: New Industrial Master Plan 2030, Ministry of Investment, Trade and Industry Malaysia, 1 September 2023)

CHAIRPERSON'S STATEMENT (CONT'D)

KEY MILESTONES

The year 2023 would be the new milestone when ARB IOT Group Limited ("AIGL"), a subsidiary of ARB Berhad ("ARB"), was listed in NASDAQ Stock Exchange in New York on April 5, 2023. In December 2023, ARB announced the distribution of dividend-in-specie of AIGL shares to its entitled shareholders. Upon completion of the Dividend-in-Specie, AIGL will cease to be a subsidiary of ARB as ARB retains a residual shareholding of 28.38% in AIGL, reclassified as an investment in associate. Thus, this exercise results in the demerger of AIGL from the Group.

Through the Dividend-in-Specie distribution, it enables our Company to reward our Entitled Shareholders for their continuous support to our Group by allowing them to hold AIGL Shares directly, instead of through our Company. This results in increase of investment flexibility of AIGL shares, as our Entitled Shareholders will gain the flexibility to deal with AIGL Shares independently of their ARB Shares and calibrate their holdings of ARB Shares and AIGL Shares in accordance with their individual investment objectives. In AIGL's perspective, this exercise increases the operational agility and operational efficiency of AIGL Group wherein AIGL Group shall have greater autonomy to tailor its business strategies for IoT industry without influenced by our Group's broader interest.

Amidst the rising inflation and borrowing cost in Malaysia, our management is of the view that our Group's cash resources shall be preserved for our Group's working capital and business expansion purposes. Coupled with positive historical financial performances of AIGL Group and the long-term prospects of AIGL Group, our Board is of the view that the Proposed Dividend-in-Specie would generate attractive long-term yield for our Entitled Shareholders as compared to a cash dividend. In addition, our Group (excluding AIGL Group) can focus more on ERP business while enabling AIGL Group to be a standalone entity to have a more focused approach to its IoT business.

As the ERP business evolves from time to time, our management continuously assesses and aligns its business strategies and plans to meet the dynamic needs and challenges of the ERP business. At this juncture, our Company intends to focus our resources on expanding the ERP business and improve our Group's operations, business sustainability and financial results in the mid to long-term. Our Group will continue to accelerate the strategic plans to generate positive value for shareholders by actively exploring business opportunities and investment opportunities.

MOVING FORWARD

Moving forward, we will continue to improve our business model to generate lucrative income stream to ARB Group. We will also continue to work with and invest in strategic system integrators and independent software vendors to accelerate potential partnering in various industries. As part of the growth strategy driven both organically and through acquisition, we are delivering innovative solutions in new categories, including analytics, commerce, IoT and integration, and expect to continue this type of horizontal expansion in the future.

To ensure the sustainability and growth of our business, we will focus on those projects from our core segments that are able to deliver resilience Return of Investment ("ROI") to the shareholders. In line with the Industrial Revolution 4.0, we have recently involved in the artificial intelligence ("AI") technology research and development ("R&D") projects to innovate the AI technologies in order to produce more high value-added products. The Group believe that the integration of AI technology into our products would be our competitive advantage to expand our business in local and ASEAN markets. In the same time, we will continue to explore cloud computing, 5G, robotic process automation, IoT and hyper-connectivity to extend our business in the industries to meet evolving demands of customers who are seeking for the digital changes and securing an additional revenue stream for the future.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our Board members for their commitment to improve the Group's performance and enhance shareholders' value throughout the challenging year.

Also, sincere gratitude to our management team and employees for their continued dedication to the success of the Group.

Yours sincerely,
Ms Yuen Ya Ting
Independent Non-Executive Chairperson

MANAGEMENT DISCUSSION AND ANALYSIS

OUR OPERATING ENVIRONMENT AND OUTLOOK

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (“E&E”) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011-2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance.

Inflation pervasiveness declined as the share of Consumer Price Index items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

BNM Governor Datuk Abdul Rasheed Ghaffour says, “Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit.”

Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker-than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

As expected, both headline and core inflation have been declining throughout the year, mainly due to milder cost conditions. This would likely continue for the remainder of 2023. Overall, headline inflation is expected to average between 2.5% and 3% in 2023. Going forward, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, BNM, 17 November 2023)

As ARB ventures into FP 2023, our group’s growth momentum remain steadily growth during the period by leveraging our strategic partnership, raising our capabilities for optimised our business models and market expansion, increasing our expertise utilization and strengthening our market position in our ERP and IoT Segment. Following with the increasing demand for automation and knowledge engineering, our group continues to heavily invest in acquiring, research and development of artificial intelligence, big data mining and analysing software, which we believe will drive potential future growth in revenue to our group. This however, results in the group suffers high depreciation and impairment of intangible assets which was made based on group’s prudent policies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

VISIONS AND STRATEGIES

The technology sector especially in cloud services are expressively growing in number in demand, millions of jobs have been saved by the ability to work remotely. This could mean both a short-term and long-term increase in demand for remote connectivity, like cloud-based system and related services.

To achieve our vision, our research and development efforts focus on three interconnected ambitions:

- Reinvest productivity and business processes
- Build the intelligent cloud platform
- Explore and venture into new algorithm of new technology in cloudification, platform and complimentary business ventures.

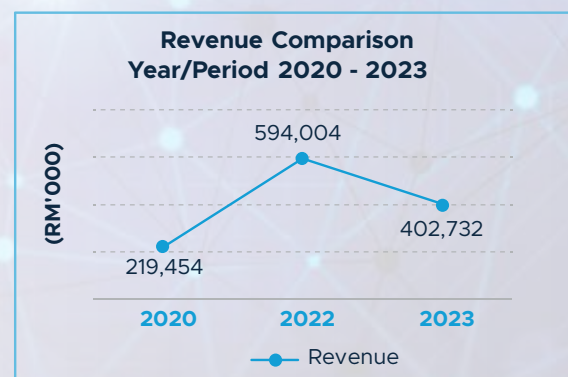
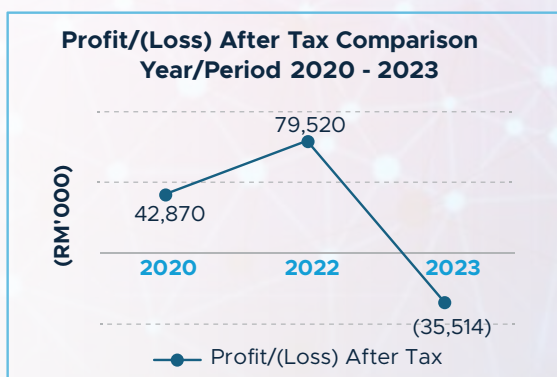
GROUP BUSINESS OPERATIONS AND PERFORMANCE

GROUP BUSINESS OPERATIONS

ARB is principally engaged in the activities of investment holding and management services. The core operations of our Group are carried out by subsidiaries which are involved in provision of ERP (ARB Group) and IoT related solutions and services (AIGL Group). The ERP segment of ARB involves the provision of cloud customized ERP solutions and IoT segment of AIGL involves four business lines, i.e IoT Smart Home & Building, IoT Smart Agriculture, IoT System Development and IoT Gadget Distribution.

During the financial period under review, ARB's revenue was contributed from ERP and IoT related businesses.

GROUP PERFORMANCE



* The financial year end of our Group has changed from 30 June to 31 December. Accordingly, the financial statements of our Group for the current financial period are drawn up for a period of (18) eighteen months from 1 July 2022 to 31 December 2023.

Our Group's revenue for the FP 2023 has decreased by RM191.27 million or 32.2% as compared to the revenue of RM594.0 million recorded in FP 2022. The lower revenue was mainly due to the decrease in revenue from the IoT segment.

In FP 2023 our Group recorded a loss after taxation of RM35.5 million as compared to RM79.5 million in FP 2022, representing a decrease of RM115.0 million or 144.67%. The significant decrease in profit was mainly due to high depreciation of plant and equipment, impairment loss on plant and equipment and impairment loss on investment in associate recorded in current period made based on prudent basis.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

SEGMENTAL PERFORMANCE

Our Group is organised into 2 main operating segments, namely ERP segment and IoT segment.

FP 2023	ERP Segment (RM'000)	IoT Segment (RM'000)	Total (RM'000)
Revenue	183,518	219,214	402,732
Segment result	(68,918)	48,143	(20,775)
Segment assets	47,088	-	47,088
Segment liabilities	(13,599)	-	(13,599)

FP 2022	ERP Segment (RM'000)	IoT Segment (RM'000)	Total (RM'000)
Revenue	152,402	441,581	593,983
Segment result	15,848	81,602	97,450
Segment assets	116,600	242,663	359,263
Segment liabilities	(2,302)	(11,474)	(13,776)

In FP 2023, the IoT segment was our biggest contributor to revenue, recording a turnover of RM219.2 million mainly driven by Smart Agriculture, System Development and Gadget Distribution. It generally reflected the segment result of RM48.1 million. Due to the demerger of IoT Segment in FP 2023, segment assets and liabilities were de-consolidated from the Group resulting to RM Nil respectively.

Meanwhile, our ERP segment was generated RM183.5 million mainly contributed from sale of provision of Cloud services, resell of softwares and source codes and Webinar platform. The ERP segment recorded a loss of RM68.9 million, the segment assets and liabilities were recorded of RM47.1 million and RM13.6 million respectively. The decrease in segment assets are mainly due to the increase in depreciation and impairment loss on plant and equipment during the financial period.

GROUP CASH FLOW

	FP 2023 RM'000	FP 2022 RM'000
Net cash generated from operating activities	109,078	126,963
Net cash used in from investing activities	(208,737)	(155,049)
Net cash generated from financing activities	14,984	103,921
Cash and cash equivalents	16,499	100,348

Our Group's capital expenditure and working capital is funded through our Group's existing cash and balances, internally generated funds from its business, proceeds raised from issuance of right shares and conversion of irredeemable convertible preference shares ("ICPS").

Our Group recorded a net decrease in cash and cash equivalents of RM84.7 million to RM16.5 million in FP 2023 as compared to RM100.3 million in FP 2022. This was mainly due to the following:

- (i) Net cash used in investing activities amounted to RM208.7 million, contributed by increase in purchase of property, plant and equipment and net cash outflow upon demerger of AIGL group;
- (ii) Net cash generated from financing activities amounted to RM15.0 million, recorded significantly decline in comparison to FP 2022 amounted to RM103.9 million contributed by proceeds raised from right issues in prior financial period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FUTURE OUTLOOK

As far as Southeast Asia goes, the rise in urbanisation, mobility, 5G, cloud and IoT adoption, robotics and factory automation, e-commerce and digital experience management, fintech penetration, continued hybrid working, government focus on big data and analytics and the measures of Chief Information Officers and Chief Information Security Officers on combating cyber threats from these extended attack surfaces are increasing IT budgets and spends in the region. According to this analysis by Technavio, IT spending in Southeast Asia is expected to grow at a rate of 7.78% year on year from 2022 to 2026.

In line with the global industry vertical wise IT spend trends, Southeast Asia is also seeing a decline in IT spend across consumer strong sectors including retail, construction, education, home services and healthcare. On the other hand, verticals such as banking and financial institutions, insurance, telecom, discrete manufacturing and others are exhibiting stable and even rising IT budgets: especially across larger organisations in these enterprise verticals.

Amidst clear global recessionary signs, the Indonesian government is prioritising newer export markets, attracting investments, renewable energy, cleantech and green economy as well as enhancing environmental, social and governance initiatives, besides continuing its digitalisation initiatives across financial and other sectors. The ICT focus areas encompass telecom infrastructure including satellites, Base Transceivers Stations sites and fibre optic cables, besides the Telecommunication Equipment Testing Centre.

(Source: An overview of IT budgets in Southeast Asia in 2023, Cio Sea, Economic Times & India Times, 10 April 2023)

Upon completion of the Dividend-in-Specie, our Group will continue to focus our effort and resources in expanding our ERP business as follows:

- (i) provisions of CRM solutions within the ERP segment to the retail industry, to automate processes and transactions, ranging from sales to warehouse management such as Artificial Intelligence Point-of-Sales ("AI POS"), warehouse management system ("WMS")/ inventory management system ("IMS")

- (a) AI POS

Our Group offers AI POS which allows businesses to manage sales record and transactions digitally. Our Group's AI POS allows centralised management of POS functions such as management of product pricing and promotions; real time synchronisation of sales from multiple POS through internet; track inventory changes, gross revenue and sales patterns; and supports multiple payment modes including cash, cards, vouchers, reward points and e-wallets. Leveraging on our Group's AI POS, our Group's clients will be able to track discrepancies in pricing or cash flow, which could be useful for our clients' management team to identify areas for improvement and adopt appropriate strategies to improve the sales performance and profitability. Currently, our Group's AI POS is used by SMEs involved in the retailing of apparels throughout chain stores in Peninsular Malaysia. Our Group's AI POS is compatible to any POS hardware in the Malaysian market.

- (b) WMS/IMS

A WMS/IMS management system is a software application designed to support and optimise warehouse functionality and distribution center management. These systems facilitate our clients' management in using simplified automatic technologies useful in daily activities like planning, organising, staffing, directing, warehouse keeping and controlling the utilisation of available resources; to move and store materials inside, around and outside of a warehouse; while supporting the performance of material movement and storage in and around a warehouse, without causing any large-scale disruption to business resources.

We target franchisees who will resell our cloud software to the end customers, mainly SMEs. Our Group's cloud software have been used by the co-working space operators to support their company secretarial, finance and accounting functions. These businesses and companies are mainly SMEs but we are also serving large organisations including public listed companies as our end customers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FUTURE OUTLOOK (CONT'D)

- (ii) expanding the business spectrum of our existing ERP ecosystem by offering ERP solutions and services (e.g. inventory management, order processing, CRM and sales tracking) to phone retailers and dealers in Malaysia. This will allow the phone retailers and dealers to develop a distribution platform for various products and services offered by them, including new and refurbished phones; selling warranty repair and replacement services; and extended warranty on phones repair and replacement services, with real-time data analytics. The widespread adoption of our cloud software in this market could lead to increased revenue and fostering potential synergies with the existing ERP business.

Moving forward, our Group intends to increase our presence in exiting markets through strategic investments, mergers and acquisitions that are complementary to our ERP businesses which may generate higher value to our shareholders.

ANTICIPATED RISKS AND MITIGATION ACTIONS

The following are the risks that could adversely affect our Group's prospects and our Group strategies to mitigate these risks.

a) Competition risk

As the IT industry is competitive in nature and characterised by rapid technological changes, our Group faces direct competition from both new entrants and existing players within the IT industry. Thus, our Group is dependent on our ability to continuously promote and sell our products and solutions to existing and new customers while competing with other providers in the IT industry. Competition may be in the form of pricing, quality of service as well as technological competence.

There is no assurance that our Group can remain competitive against our competitors moving forward. The emergence of new competitors who can offer more innovative solutions at a cheaper cost may result in our Group losing the market share to such competitors. To mitigate such risk, we will continuously revisit our business strategy, to ensure our Group always pick up to new technologies to enhance existing products and solutions as well as to cultivate close relationships with our business partners.

b) Credit risk

Our Group's credit risk primarily comprises of trade and other receivables. Credit risk can be managed and minimised through selective interaction and association with creditworthy business partners. In FP 2022, our Group will continue to adopt stringent credit control procedures. Long outstanding trade receivables, considered as high exposure to risk dependency, were monitored on a regular basis.

c) Technology obsolescence risk

IT industry is a dynamic sector where its products and solutions are subject to continuous improvement and innovation as the technological landscape constantly evolves at a rapid pace. In this regard, our Group is dependent on our ability to constantly innovate and keep up with the latest technologies in order to remain relevant and competitive in the IT industry.

Technology obsolescence risk shall be significant to our Group. There is no assurance that our Group's products and solutions will always remain relevant and competitive in the IT industry.

In the event our Group is unable to continuously innovate and enhance our products and solutions to meet the latest expectations of our customers in light of the prevailing technological landscape, our Group would lose the market share to other competitors. In turn, this would have an adverse effect on our Group's business and financial performance.

To overcome this inertia, we will continue to build up and deploy an ecosystems that are flexible and compatible (together with the requisite after-sale supports) to the end users, which help our customers to address the challenges and opportunities brought by new evolving digital technologies.

SUSTAINABILITY REPORT

**Our Economic, Environmental,
Social and Governance (“EESG”)**



SUSTAINABILITY REPORT

ABOUT THIS REPORT

ARB Berhad (“ARB”) or (“the Group”) is pleased to present the Sustainability Report for the financial period 2023 (“SR 2023”) or simply referred to as “the Report.” This report offers a comprehensive overview of the Group’s sustainability performance, highlighting our performance in fulfilling commitments outlined in our Sustainability Policy and addressing the Material Assessment across the Economic, Environmental, Social and Governance aspects during the financial period from 1 July 2022 to 31 December 2023.

THIS REPORT IS CONCURRENTLY PUBLISHED WITH OUR ANNUAL REPORT 2023 AND IS ACCESSIBLE DIGITALLY FOR OUR STAKEHOLDERS AND THE PUBLIC. AN OVERVIEW OF PERFORMANCE DATA FOR THIS REPORTING CYCLE, GUIDED BY THE COMMON INDICATORS OF BURSA MALAYSIA SECURITIES BERHAD’S (“BURSA MALAYSIA”) ENHANCED SUSTAINABILITY REPORTING FRAMEWORK.



SUSTAINABILITY REPORT (CONT'D)

CHAIRPERSON'S MESSAGE

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board"), I am delighted to present ARB Berhad's Sustainability Report 2023 ("SR 2023"). This year, we have refined our reporting approach to encompass more comprehensive disclosures on key sustainability topics, addressing the fourfold impacts; namely economic, environmental, social, and governance ("EESG"), resulting from our operations.

Ms Yuen Ya Ting

Independent Non-Executive Chairperson

INSIDE THIS REPORT



OVERVIEW OF ARB'S SUSTAINABILITY



SUSTAINABILITY HIGHLIGHTS



SUSTAINABILITY GOVERNANCE



STAKEHOLDER ENGAGEMENT



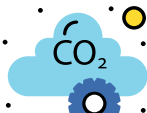
MATERIAL ASSESSMENT



SUSTAINABILITY PERFORMANCE REPORT

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY HIGHLIGHTS

	Economic Value Distributed to Shareholders Dividend-in-specie - RM146.2 million
	One of the Malaysian company successfully listed on NASDAQ stock exchange - AIGL
	100% of vendors and suppliers engaged were local
	Gender diversity achieved by 40% female staffs
	100% top management and staffs attended anti-corruption related training
	Maintained 0% workforce fatality rate
	99% employees received OSH-related training
	Continued investment in smart agriculture
	Reduction of 36% GHG emissions (CO ₂)
	Contribution to community support - RM500,000

SUSTAINABILITY REPORT (CONT'D)

OVERVIEW OF ARB'S SUSTAINABILITY

CORPORATE VISION

“Creating a sustainable world today for future generations”

to uphold sustainable practices in all its undertakings and ensures that EESG shall always be at the heart of its business operations.

SCOPE OF DISCLOSURES

This report presents ARB Berhad's ("ARB" or "the Group") EESG performance, as well as its positive impact on relevant industries, economy and society. For the past years we have been striving to continuously improve the quality of our reporting to better communicate how we manage and address our material matters towards creating long-term value for all our stakeholders. As we move forward, we aim to broaden and deepen the scope of our annual reporting to reflect ARB's increasing commitment towards our sustainability agenda. Sustainability Report 2023 addresses topics that are material to our key business segments: Enterprise Resources Planning ("ERP") and Internet of Things ("IoT"). It also documents our broad strategies, initiatives, and areas of impact for our three sustainability goals:

- 1) Ensuring Business Sustainability;
- 2) Ensuring No Harm to Our People and Environment; and
- 3) Nurturing and Developing Our Talent.

REPORTING PERIOD AND BOUNDARY

This report represents ARB's first year EESG reporting which exclusively covers the sustainability performance of the Group from 1 July 2022 to 31 December 2023, unless stated otherwise. Our aspiration is to improve the quality of reporting for all material disclosures. In FP 2023, we have not undergone any external assurance for the sustainability report.

SUSTAINABILITY REPORT (CONT'D)

OVERVIEW OF ARB'S SUSTAINABILITY (CONT'D)

REPORTING STANDARDS AND GUIDELINES

The contents of this Report are prepared with reference to Bursa Malaysia's Listing Requirements and Sustainability Report Guide. In adhering these guidelines, we applied the following principles of sustainability reporting:

- Stakeholders' Inclusiveness – Conveying our response to stakeholders' reasonable expectations and interests.
- Sustainability Context – Presenting our performance in the broader context of sustainability.
- Materiality – Reflecting our significant economic, environmental and social impacts.
- Completeness – Covering and presenting all sustainability topics in order to enable stakeholders to assess the organisation's performance in the reporting period.

OUR APPROACH

Our sustainability framework is centered upon the evaluation of EESG risks and opportunities accompanied with our Group's corporate governance framework and social responsibilities. By applying a good corporate governance framework, environmentally responsible practices and sound social policies, ARB can achieve sustainable growth and enhance long-term value for our shareholders.

The report also highlights the systems and measures that we have developed and implemented in ensuring our products, operational processes and supply chains are consistently secured, stable and durable, our working environment are safe and healthy; and local regulations are well observed. There is no change in the scope of reporting from the Sustainability Statement of FP 2023.

FEEDBACK AND COMMENTS

We welcome comments and suggestions from our readers on our sustainability efforts as well as the contents of this report. Please address your constructive comments, queries and suggestions to: www.arbberhad.com.

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY GOVERNANCE

The core of our sustainability agenda is to create value to all of our stakeholders. This means prioritizing social and environmental factors alongside economic profits. Our Group always adhere and practice the principle of Go Green and be environmentally friendly.

Bursa Securities recommends organisations to take an enlightened approach for its sustainability and adopt a long-term behaviorism for business and value establishment. In ARB, sustainability entails doing business in an ethical and responsible manner and at the same time mitigating negative impacts from our operations. Our long-term sustainability approach aims to manage EESG risk and opportunities.



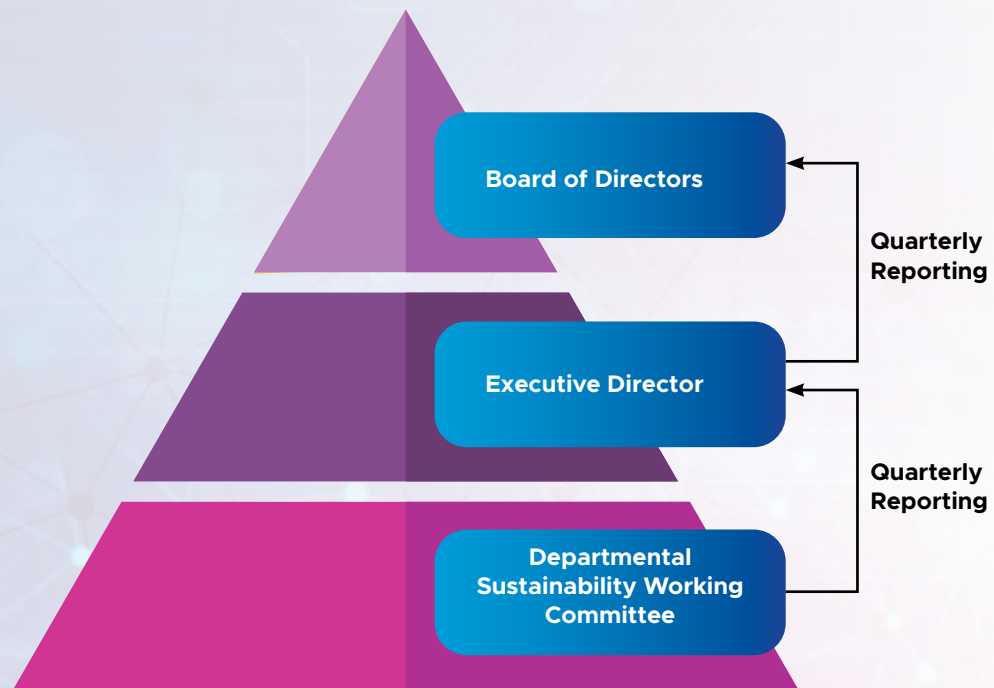
Our core values and principles are the foundation for incorporating sustainability into our strategies, business processes, decision-making criteria and core operations. These principles are to be entrepreneurially led, technical competent and most trusted joint venture partners in the eyes of our clients, shareholders and most importantly, our empowered people. The details of our core values are set out in the Annual Report 2023. Together, these principles and values govern the way we engage with our stakeholders to create sustainable values.

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)

SUSTAINABILITY STRUCTURE

Our Group does not have a formal structure of Sustainability Committee, however, our Group has defined the corporate structure as below: -



Our Board of Directors ("Board") shall oversee our Group's corporate sustainability strategy and performance.

Our Executive Directors ("ED") are responsible for monitoring the implementation of sustainability strategy and its performance. ED will review sustainability matters with the Departmental Sustainability Working Committee ("DSWC") and report to the Board on sustainability matters in quarterly basis.

DSWC comprises the management team and representatives from Health, Safety and Environment, Human Resources and Operations departments. DSWC is responsible for materiality assessment, identification and monitoring of initiatives/actions, execution of initiative/actions and reporting. They will report the sustainability matters to ED in quarterly basis.

SUSTAINABILITY REPORT (CONT'D)

STAKEHOLDER ENGAGEMENT

Our persistent engagements with the stakeholders strengthen the evaluation process of our materiality matrix. Feedback from stakeholders provide better insight for us to focus and improve on the key priority areas. Constant business activities assessment and review based on previous recognised issues aids in ensuring the sustainability matters are on track. Both internal and external stakeholders' interest are preserved as ongoing meetings and dialogue are held with them consistently.

Our Group's approach to stakeholder engagement and a summary of key topics and concerns raised are detailed in the table below:-

Stakeholder Group	Sustainability Concern	Engagement Approach	Frequency
Customers 	- Meeting product expectations in terms of quality, cost, price and delivery standards - Delivering new and innovative products - Utilising resources responsibly	- Feedback on product and customers' expectations - Social media engagement - Working with customers as part of the product development process - Customer retention	Ongoing
Employees 	- Training and development - Maintaining safe and conducive work environments - Remain in compliance with local labour laws and regulations	- Training programmes - Annual appraisals - Employee engagement - Management meetings	Regular, Ongoing
Suppliers 	- Tender prices and payments - Ensure timely payouts to suppliers - Cost efficiency and introduction of products - Create awareness of Group policy and commitment to sustainability	- Formal and informal meeting - Process improvement	Ongoing
Investors 	- Corporate information - Financial & operational performance at expense of environmental/social well-being - Company strategy and direction	- Annual general meeting, quarterly results announcement - Press conference - Analysis briefing meetings - Corporate website	Quarterly, Annually
Business Partner 	- Terms of references ("TOR") - Review to ensure business processes are smoothly and efficiently	- Meetings - Discussions - Product launches	Ongoing
Governments and Regulators 	- Remain in compliance with local environmental laws and regulations - Compliance and standards	- Meetings, engagements and dialogues - Written correspondences - Periodical monitoring and reporting	Ad-hoc

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT

For the purpose of addressing the material issues within the Sustainability framework, our Board has identified several pertinent material issues during the reporting period. The material issues identified were mapped to the relevant pillars as illustrated below.



ECONOMIC

1. Financial Performance
2. Innovation
3. Supply Chain Management



ENVIRONMENT

4. Energy Efficient Practices
5. Smart Agriculture Innovation



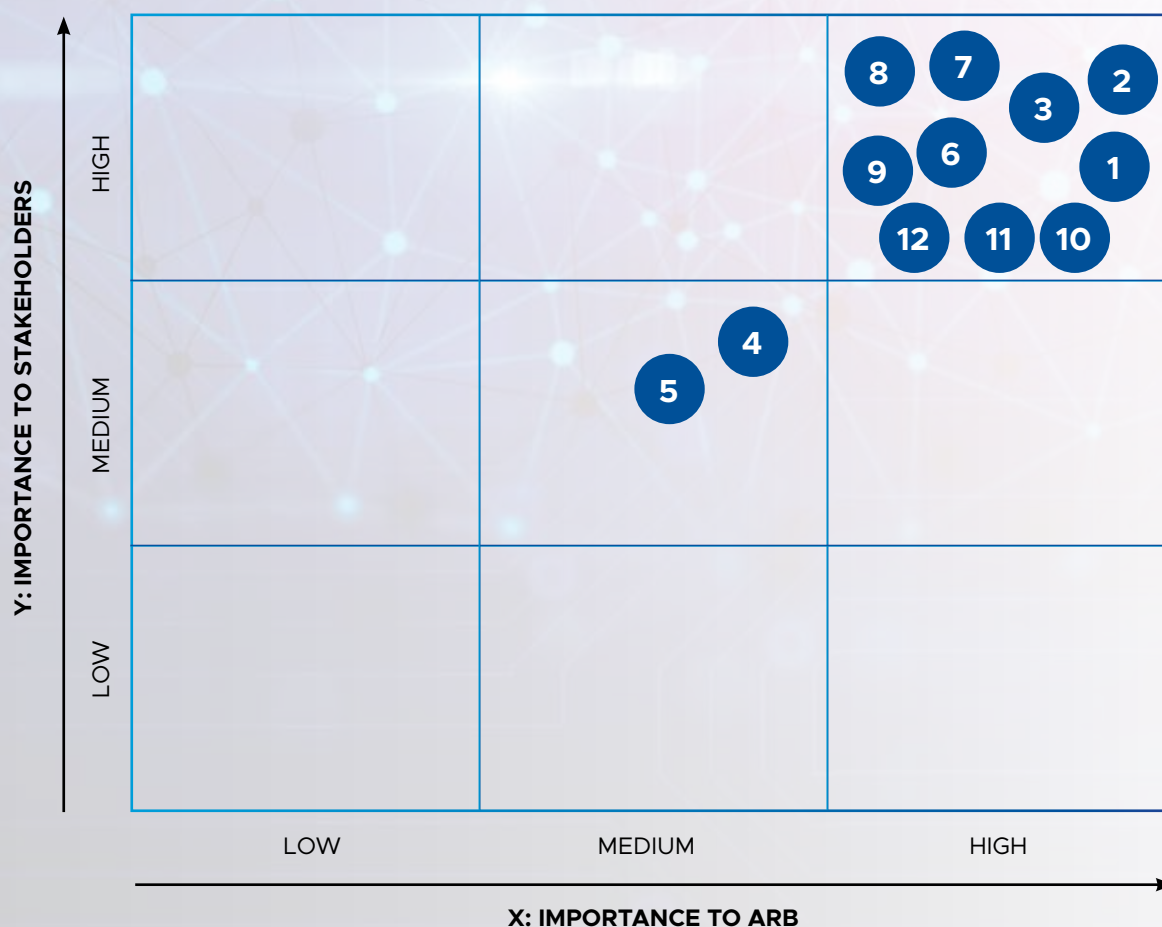
SOCIETY

6. Company Branding
7. Healthy and Safe Working Environment
8. Training
9. Employees' Welfare
10. Diversity, Equity, and Inclusion
11. Community Support



GOVERNANCE

12. Business Conduct



SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ECONOMIC

1. FINANCIAL PERFORMANCE

The detailed financial performance of the Group's financial performance are as highlighted in 5 Years Group Financial Highlights as set out in ARB Annual Report 2023.

OUR PROGRESS	FP 2023	FP 2022	FY 2020
Revenue (RM'million)	402.7	594.0	219.5
Net (loss) / Profit after tax (RM'million)	(35.5)	79.5	42.9

During FP 2023, our Group has successfully completed the listing of IOT Segment subsidiary, ARB IOT Group Limited ("AIGL") in NASDAQ Stock Exchange, under the ticker of "ARBB", United States, and become one of the Malaysian-based company listed on NASDAQ.

In December 2023, ARB announced the distribution of dividend-in-specie of AIGL shares to its entitled shareholders. Upon completion of the Dividend-In-Specie, AIGL demerged from our Group and independently listed in NASDAQ. Through the Dividend-In-Specie distribution, it enables our Group to reward our shareholders for their continuous support to our Group, increase their investment flexibility to deal with AIGL shares independently from their ARB shares and calibrate their holdings of shares in accordance with their individual investment objectives.

OUR PROGRESS	FP 2023	FP 2022	FY 2020
Total Dividend-In-Specie distributed (RM'million)	146.2	Nil	Nil

2. INNOVATION

Products, Research & Development and Services - Bringing Continuous Innovation to Our Customers

Customers can apply, among other things, mobile services, advanced analytic tools, state-of-the-art authentication mechanisms, and social functionality. ERP, CRM, and Digital Platform enables businesses to connect and integrate their business with customers and suppliers, and by leveraging our products capabilities helps companies to streamline processes and improve profitability.

Our IoT segments provides integration of IoT systems (i.e., system integration and system support service) and devices from designing to project deployment. This includes full turnkey deployment from designing, installation, testing, pre-commissioning, and commissioning of various IoT systems and devices as well as integration of automated systems, including installation of wire and wireless, as well as mechatronic works).

In line with the recent new technology trends, we have built up an IoT development ecosystem to help customers to address the challenges and opportunities brought by new digital technologies.

3. SUPPLY CHAIN MANAGEMENT

To meet the rising expectations of today's discerning, tech-savvy customer, our companies need to respond quickly and accurately to their demands, which means creating responsive and distributed manufacturing and supply chain networks. Our solutions enable customers to set up a real digital supply chain that provides real-time visibility into manufacturing, logistics, and how their assets are operating, enabling them to optimise maintenance and service schedules.

OUR PROGRESS	FP 2023	FP 2022	FY 2020
Proportion of spending on local suppliers	100%	100%	100%

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ENVIRONMENTAL

The Group does not operate in an environmentally sensitive business. We engaged in the business of developing and providing environmental-friendly enterprise cloud-based solutions and platforms which consist of customisation of ERP systems and IoT systems for strategic business partners and clients. Our business activities have a very minimal impact on the environment, more particularly on natural resources like air, water and energy.

Environmental sustainability is one of the most challenging component of sustainability strategy, particularly on how we preserve the natural resources and the earth for future generations betterment. In our effort to preserve and conserve the environment, ARB has undertaken numerous good initiatives that support environment conservation.

4. ENERGY EFFICIENT PRACTICES

We regularly review our daily business operations for new environmental initiatives. Among our energy efficient practices are: -

Laptop over Desktop

We always encourage to use energy-efficient devices. Most of our hardware are laptops, which are more energy saving than desktop computers. Such investments might incur higher upfront costs but can produce significant savings in long run.

Use hibernation feature on all laptops/desktops

We encourage employees to use the hibernation feature on all laptop and desktop computers.

Use energy saving features for all devices

We encourage employees to opt for the energy saving setting feature for all office devices to reduce energy costs.

Print only when necessary

We always encourage the principle of Go-Green by not printing the documents, which can be sent via email. The idea of go paperless will reduce both our paper wastage and energy required to run the printers, which eventually will help to reduce our energy cost and extends the lifespan of our printers.

Switch off when not in use

Employees are reminded to switch off all the printers, scanners, meeting and conference facilities and lights when they are not in use.

During FP 2023, our Group had revise the operating hour of air conditioners from 14 hours per day to 9 hours per day to reduce carbon emissions as an initiative of conservation of environment.

OUR PROGRESS	FP 2023
Percentage of reduction in CO ₂ emission in comparison to prior period (approximately)	36%
Total electricity consumption (approximately)	129.5 MWh
Total water consumption (approximately)	7.2 kM3

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

5. SMART AGRICULTURE INNOVATION

During FP 2023, our Group has entered a strategic collaboration with Serada Agrotech Sdn Bhd, Annum Berhad, and Terengganu State Agriculture Department, to act as smart farming solution provider.

Our Group's innovative IoT Smart Farming solutions not only provides economic benefits to our customers, but also continuously benefits the environment by:-

- reduce energy, packaging and fuel requirement for transportation,
- significant decrease in food waste,
- reduce emissions from agricultural machinery and fertilizers, and
- opportunity to transform parts of the agricultural lands into carbon sinks through afforestation.



IoT Smart Farming site photos in Terengganu



IoT Smart Farming site photos in Terengganu

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

SOCIETY

6. COMPANY BRANDING

We are continuously innovate products and best of breed solutions that are effective, user friendly and cost effective. Through our innovative products and services, our customers can unlock indefinite possibilities, enhance their goal accomplishment, and improve business efficiency.

OUR PROGRESS	FP 2023
International Business Review ASEAN Award 2022 - Corporate Excellence in Technology Sector for IoT Solution	Won

7. HEALTHY AND SAFE WORKING ENVIRONMENT

We are committed to fostering a safe and healthy workplace for all its employees and contractors that sets the foundation for our businesses to thrive and underpins our financial performance and moral obligations.

Occupational Health & Safety ("OSH") also protects ARB against financial, operational and legal ramifications as these safeguards our employees, assets, maintains trust with stakeholders and secures the sustainability of our operations.

During the FP 2023, the Group has organised OSH training for all staffs which is the fire prevention, precautions and drill training.

OUR PROGRESS	FP 2023
Percentage of staffs attending OSH training	99%

8. TRAINING

Our Group consistently keeps the technical personnel trained and updated on the techniques and technologies that can help them to perform their duties effectively. This will improve their performance and productivity while at the same time, increase their value and future marketability. Our Group is taking an active interest in nurturing talent and developing leaders. We provide on-the-job learning opportunities coupled with coaching and formal trainings. We believe the emphasis on on-the-job learning broadens our employees' experiences and sharpens their functional and people skills for their career development.

OUR PROGRESS	FP 2023
Total hours of training per employee	40 hours

9. EMPLOYEES' WELFARE

ARB is committed to continuously look after the benefits and welfare of its employees and endeavors its best to ensure that adequate resources which include various services, facilities and amenities are provided to the employees for their economic betterment, social status improvement, healthy well-being and efficiency in performing their duty with the company.

We aspire to continuously enhance our Employee Handbook with additional new perks and benefits perpetually. We protect our employees' welfare by providing competitive salary, incentives and rewards to boost their morale. We offer non-monetary benefits, including annual, sick and hospitalisation leaves. Additionally, we award commitment incentives to staffs who have well-performed and demonstrated their positive dedication to their works.

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

SOCIETY (CONT'D)

9. EMPLOYEES' WELFARE (CONT'D)

Sports and Recreational Activities

During FP 2023, our Group had organised sports and recreational activities such as badminton and annual dinners for our staffs and business partners.



ARB's badminton session



Annual dinner 2022

ARB Internship

ARB Internship Programme offers an opportunity to under graduate students to gain valuable hands-on exposure in their field of study. We train the students individually and include: -

- enhancing leadership skills among others, via involvement in group-wide special projects; and
- face-to-face development interventions where a dedicated coach and mentor is assigned to guide the students throughout their internship journey.

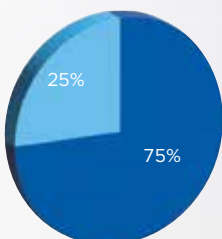
10. DIVERSITY, EQUITY, AND INCLUSION

Our Group strives to create a work environment that values diversity, equity, and inclusion to promote unity and collaboration, which leads to better business results. A diverse and inclusive team not only supports personal growth but is also essential for keeping our employees, boosting their dedication, and driving our group's overall success, resilience, and improved performance.

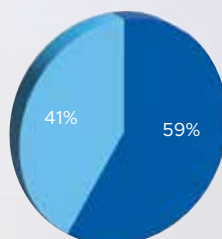
OUR PROGRESS

By Gender

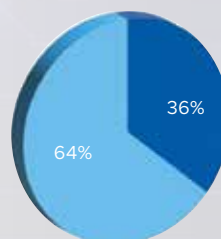
DIRECTORS



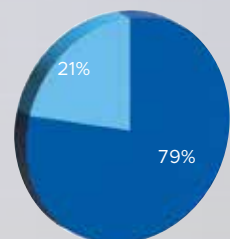
MANAGEMENT



EXECUTIVE



NON-EXECUTIVE



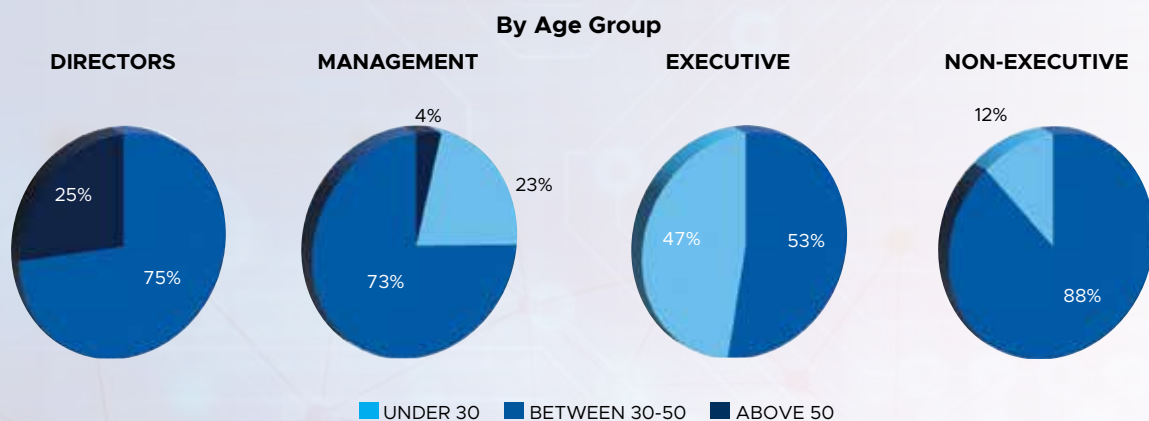
■ FEMALE ■ MALE

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

SOCIETY (CONT'D)

10. DIVERSITY, EQUITY, AND INCLUSION (CONT'D)



11. COMMUNITY SUPPORT

Collaboration with Universiti Kebangsaan Malaysia ("UKM")

Our Group has continued collaborated with UKM to provide a platform for younger generation and public to equip with readied and developed skill for upcoming technology trend of 4.0.

In FP 2023, our Group has launched UKM-ARB Smart Laboratory, a state-of-the-art facility designed for advanced research and data monitoring, an initiative partnership with UKM, Malaysia's leading research university. The establishment is expected to benefit numerous researchers to achieve new breakthroughs in science and technology of our country.

OUR PROGRESS	FP 2023
Total contribution provided (monetary and in-kind) (RM'000)	542.2



Site photos of UKM-ARB Smart Lab in UKM

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

GOVERNANCE

12. BUSINESS CONDUCT

Integrity Operational Matters

ARB is persistently investing effort in incorporating sustainability practices into our core business operations. We recognised that commercially viability is intertwined with sustainability. Hence, we are gradually integrating relevant environmental, social, ethical and governance requirements across all division within the Group. We conduct our activities in accordance with the laws, rules, and regulations in the various places that we operate as well as support our employees to consistently uphold the highest standard of integrity and accountability.

Anti-Bribery and Anti-Corruption Policy

In June 2020, our Group has issued Corporate Liability Policy ("CLP") pursuant to section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"). The objectives of this CLP are listed as below: -

- To foster the growth of a business environment that is free from corruption;
- To ensure all personnel of the Group take reasonable measures to ensure their daily activities do not involve corrupt activities;
- To provide guidance on how to recognise and deal with bribery and corruption issues; and
- To avoid penalty from the relevant authorities due to non-compliance on any acts related to integrity and anti-corruption.

Any non-compliance to this CLP shall constitute a serious offence warranting disciplinary action or possible lawsuit and dismissal of the offender subject to management discretion.

The details of CLP can be found at our website link below: -



<https://www.arbberhad.com/corporate-governance-arbberhad>

Anti-corruption training has been conducted for all Board members, senior management, and employees. In FP 2023, all employees have undergone this training and the training is included into new joiners' orientation programme.

OUR PROGRESS	FP 2023
Top Management	100%
Senior Management	100%
Management	100%
Executives	100%
Non-Executive	100%

Risk Management Assessment

There can be no assurance that our Group will not expose to any risks inherent to the industry that our Group is currently operating in. The potential risks that occurred might cause any material adverse effect on the business, operations and financial performance of the Group. In order to mitigate such risks, our Group has established sound risk management framework to manage risks and governance. Our Board shall use our best endeavours to continuously monitor and manage risks by consistently undertake the necessary risk assessment.

OUR PROGRESS	FP 2023
Percentage of operations assessed for corruption- related cases	100%



SUSTAINABILITY REPORT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

GOVERNANCE (CONT'D)

12. BUSINESS CONDUCT (CONT'D)

Whistle Blowing Policies

Our existing Whistle Blowing Policies can be found at our website link below: -



<https://www.arbberhad.com/corporate-governance-arbberhad>

OUR PROGRESS	FP 2023
Confirmed incidents of corruption and action taken	0

Corporate Governance and Compliance

ARB is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance (“MCCG”) 2021 to ensure that standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long term shareholders’ value and returns to our stakeholders.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement of ARB Annual Report 2023 as well as Corporate Governance Report which is available at the Company website.



<https://www.arbberhad.com/corporate-governance-arbberhad>

As part of our compliance, we instilled Code of Ethics into our business practice and operation. Save for the Code of Ethics, other policies such as Board Charter is available at our website.



<https://www.arbberhad.com/corporate-governance-arbberhad>

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY PERFORMANCE REPORT (FP 2023)

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	542,208.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	23.00 *
Management Between 30-50	Percentage	73.00 *
Management Above 50	Percentage	4.00 *
Executive Under 30	Percentage	53.00 *
Executive Between 30-50	Percentage	47.00 *
Executive Above 50	Percentage	0.00
Non-executive/Technical Staff Under 30	Percentage	88.00 *
Non-executive/Technical Staff Between 30-50	Percentage	12.00 *
Non-executive/Technical Staff Above 50	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	59.00 *
Management Female	Percentage	41.00 *
Executive Male	Percentage	36.00 *
Executive Female	Percentage	64.00 *
Non-executive/Technical Staff Male	Percentage	79.00 *
Non-executive/Technical Staff Female	Percentage	21.00 *
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
Under 30	Percentage	0.00
Between 30-50	Percentage	75.00
Above 50	Percentage	25.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	129.50
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	130 *
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	40
Executive	Hours	40
Non-executive/Technical Staff	Hours	40
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	28 *
Executive	Number	26 *
Non-executive/Technical Staff	Number	33 *
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	7,200.000000
Internal assurance	External assurance	No assurance
(*)Restated		

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of ARB Berhad (“ARB” or “Company”) recognises the importance of adopting high standard of corporate governance throughout the Company and its subsidiaries (“the Group” or “Group of Companies”) as a fundamental part of discharging its responsibilities to protect and enhance stakeholders’ interest and to continue delivering sustainable performance of its Group.

This Statement is made pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Board is pleased to present the Group’s application of the principles as set out in the Malaysian Code on Corporate Governance (“MCCG”) 2021.

In line with ARB’s intent to enhance its corporate governance disclosure, this Statement is complemented with a Corporate Governance Report (“CG Report”), based on the prescribed format by Bursa Securities which details down the application of each Practice set out in the MCCG. The CG Report is made available on ARB’s website at <https://www.arbberhad.com/investor-relations> together with an announcement of the same on the website of Bursa Securities.

This Statement should also be read in tandem with the other statements in this Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) for a more holistic and granular understanding of the Group’s corporate governance framework and practices which may be better explained in the context of the respective statements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

The Board is collectively responsible to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and shall act with integrity for creating and delivering long-term success of the Group and sustainable value to the shareholders and various stakeholders. The Board determines the Group’s vision and mission to guide and set the pace for its current operations and future development.

The Board delegates authority to management, and monitor and evaluate the implementation of policies, strategies and business plans.

In ensuring orderly and effective discharging of its duties and responsibilities, the Board has established and delegated the authority to the Board Committees, namely, the Audit Committee, Nomination Committee and Remuneration Committee to monitor and evaluate the implementation of policies, strategies and business plans, internal control systems and risk management.

The Board appoints the Chairman and members of each Committee and the Board Committees operate within their approved Terms of Reference set by the Board. The Chairman of each Board Committee reports to the Board on the deliberation and outcome of the Committee meetings and make appropriate recommendations thereon to the Board for its consideration and decision.

The Executive Directors are responsible for the day-to-day management of the business to ensure that the business operates continuously in conformity with the implementation of Board’s policies, strategies and decisions. In addition, the Independent Directors who constitute a majority of the Board, provides for effective oversight over management and ensures that there is independence of judgement.

Practice 1.4 of the MCCG recommends that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee, and Remuneration Committee. As the Company has a moderate sized Board comprising of only four (4) members, the Chairperson, Ms Yuen Ya Ting, is also a member for Audit Committee, Nomination Committee and Remuneration Committee. Through her active participation and extensive board and corporate experience, the discussions and decisions made at these committees have greatly benefited from her input. The Company believes that the Board’s objectivity in receiving or assessing committees’ reports has not been diminished in any way.

The Board members have direct and unrestricted access, to all relevant Company’s information and to the senior management personnel to assist them in the discharge of their duties and responsibilities and to enable them to make informed decisions. The Board also has direct communication channels with the External Auditors, Internal Auditors and Board Committees. As and when necessary, the Board members may seek independent professional advice, at the Company’s expense, in the furtherance of their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

The Board is supported by one (1) suitably qualified Company Secretary who serves as corporate governance counsels to the Board. The Company Secretary assists the Board in adhering to the relevant corporate governance legislative promulgations and internal policies and procedures and apprise the Board on the latest statutory and regulatory requirements relating to corporate governance.

The Board and Board Committees' meetings are conducted in hybrid manner to allow the Board members to join the meetings in-person or via a virtual meeting platform. The meeting materials are distributed electronically at least seven (7) days prior to the meetings to allow preparation and meaningful discussion by the Board and Board Committees members during the meetings. All proceedings of meetings including issues raised, deliberations and decisions of the Board and Board Committees are properly minuted and filed in the statutory records of the Company by the Company Secretary.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of Directors' circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All Directors' circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting. The Board also perused the decisions deliberated by the Board Committees through minutes of these Board Committees meetings. The Chairman of the respective Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Board Committees and which may require the Board's direction.

Board Charter

The Company's Board Charter provides guidance and clarity regarding the roles and responsibilities of the Board and the Board Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. To ensure that it remains relevant, the Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

A copy of the Board Charter is available for reference at the Company's website at <https://www.arbberhad.com/corporate-governance>.

Code of Conduct and Ethics

The Board is committed to creating an environment whereby ethics and professionalism are placed in the highest priority in line with good corporate governance practices. The Board shall observe and adhere to the Code of Conduct and Ethics.

The Code of Conduct and Ethics is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on the way employees should conduct themselves when dealing with other parties doing business with the Group. It also sets out and identifies the appropriate communication on and feedback channels, which facilitate whistle-blowing. The Directors have maintained strong oversight of the performance and implementation of corporate governance for the Group.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at <https://www.arbberhad.com/corporate-governance>.

Whistle-blowing Policy

The Company has in place the Whistle-blowing Policy for its Directors and employees of the Group and is designed to provide them with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct relating to unlawful conducts, inappropriate behaviour, malpractices, any violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Company and/or compromise the interests of the shareholders, clients and the public without fear of reprisal, victimisation, harassment or subsequent discrimination.

The details of the Whistle-blowing Policy are available for reference at the Company's website at <https://www.arbberhad.com/corporate-governance>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

Anti-Bribery and Anti-Corruption Policy

The Company has adopted an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"), which is made available at the Company's website at <https://www.arbberhad.com/corporate-governance>.

The Board has adopted a zero-tolerance approach against all forms of Bribery and Corruption, as defined in the ABAC Policy, and takes a strong stance against such acts. The ABAC Policy leverages on the core principles of the Company as set out in the Company's Code of Conduct and Ethics. The ABAC Policy serves as a guideline on how to deal with Bribery and Corruption which may arise in the course of business of the Company.

Directors' Fit and Proper Policy

The Board has established the Directors' Fit and Proper Policy, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the appointed position in the most effective manner. The Directors' Fit and Proper Policy is accessible on the Company's website at <https://www.arbberhad.com/corporate-governance>.

Sustainability

The Company is committed to operate in a sustainable manner, as this will not only create value to the Company, but also to the employees, business communities and society surrounding us. The details pertaining the sustainability governance can refer to the sustainability statement in page 19 to 37.

PART II - BOARD COMPOSITION

Board Composition and Balance

The Nomination Committee ensure that the composition of the Board is refreshed periodically. The tenure of each director is reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the Board. It also reviews the performance of all directors including their independence (for independent directors) annually and those with satisfactory evaluation are recommended to the Board for re-election.

Presently, the Board comprises one (1) Executive Director and three (3) Non-Executive Directors, all of whom are Independent Directors. The composition of the Board complies with Paragraph 15.02 of the MMLR of Bursa Securities whereby at least two (2) or one third (1/3) of its Board members are independent directors and one (1) director is a woman as well as the recommendation of MCCG whereby at least half of the Board comprises of independent directors.

Re-election of Directors

The procedures for the annual re-election of directors are set out in the Company's Constitution. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Constitution further provides that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next Annual General Meeting ("AGM") and shall be eligible for re-election.

The re-election of each director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director/ person standing for re-election/ election are furnished in the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

Tenure of Independent Directors

As at the date of this statement, none of the independent directors have served the Company for more than nine (9) years.

Boardroom Diversity

The Board acknowledges the recommendation of MCCG and recognises the importance of boardroom diversity. In driving the long-term vision of the Group, it is essential for the Board to possess an optimum mix of skills, qualifications and experiences that can support the Group in responding to changing market dynamics, evolving business models and emergence of novel risks. The combination of the skills, experience and expertise of the incumbent Directors allows the Board to apply a breadth and depth of perspectives when deliberating on contentious issues.

The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre without any specific discrimination as to the age, ethnicity or gender of the candidates concerned. The Board has been taking steps to seek out female candidates based on meritocracy with the optimum mix of skills, knowledge and experience to fill Board positions.

Gender Diversity Policy

The Board is supportive with the recommendation of MCCG and recognises the importance of establishment of gender diversity policy. However, the Group does not have the workforce gender policy currently. Currently, the Board comprises one (1) female director which reflects the Board's commitment towards achieving a more gender diversified Board. This also in line with the requirement of MMLR whereby the listed issuer must have at least one (1) woman director in the board.

New Candidates for Board Appointment

The Nomination Committee ("NC") is tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In making these recommendations, the NC shall assess the suitability of candidates, considering the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointments to the Board for approval.

The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

On 17 November 2022, the Board, based on the recommendation of the NC, appointed a new Independent Non-Executive Director, Ms Yuen Ya Ting. Prior to her appointment, the NC had reviewed the results of the fit and proper assessment on her. Subsequently, she was re-designated as Independent Non-Executive Chairperson on 28 December 2023. The NC had expressed their confidence in Ms Yuen Ya Ting's character, experience, integrity, competence and time to effectively discharge her role as an Independent Non-Executive Director in the Company.

On 10 July 2023, the Board appointed a new Executive Directors, Mr Hong Zi Shen. The NC had reviewed the results of his fit and proper criteria prior to his appointment as the Executive Director of the Company. The NC is confident that with the character, experience, integrity and competence, Mr Hong is able to discharge his responsibilities as a Director of the Company effectively.

On 11 October 2023, the Board appointed Mr Aiman Afiffudin Bin Ramlee as a new Independent Non-Executive Director. The NC had reviewed the results of his fit and proper criteria prior to his appointment as the Independent Non-Executive Director of the Company. The NC had expressed their confidence in Mr Aiman's character, experience, integrity, competence and time to effectively discharge his role in the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

Nomination Committee

The NC comprises three (3) Directors, all of whom are Independent Non-Executive Directors. The NC is spear-headed by an Independent Non-Executive Director as specified under Practice 5.8 of the MCCG.

The members of the NC are as follows:-

Chairman

Aiman Afiffudin Bin Ramlee (appointed w.e.f 11.10.2023)	Independent Non-Executive Director
--	------------------------------------

Members

Khor Chin Meng	Independent Non-Executive Director
Yuen Ya Ting (appointed w.e.f 17.11.2022)	Independent Non-Executive Chairperson

The Terms of Reference of the NC can be viewed at the Company's website at <https://www.arbberhad.com/corporate-governance>.

During the financial period ended 31 December 2023, the NC had assisted the Board on the following functions:

- Performed an assessment on the Board, Board Committees and individual Directors;
- Reviewed and recommended the re-election of Directors pursuant to the Company's Constitution;
- Assessed the independence of the Company's Independent Directors and recommended the continuance of Independent Directors;
- Reviewed the size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company; and
- Reviewed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors.

Annual Evaluation of Effectiveness of the Board, Board Committees and Directors

The Board has, through the NC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Director, making reference to the guides available and the good corporate governance compliance. The evaluation process was carried out by sending the following customized assessment forms to Directors:-

- i. Assessment on the Internal Auditor;
- ii. External Auditors' Evaluation
- iii. Board and Board Committee Performance Evaluation Form;
- iv. Evaluation of Level of Independence of a Director; and
- v. Performance Evaluation.

Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarized and deliberated at the NC meeting and thereafter the NC's Chairman will report the results and deliberation to the Board.

The annual assessment criteria of the Board and Board Committees and individual Directors were last reviewed and updated on 19 April 2024 to stay aligned with the MCCG practices. Based on the evaluations conducted for the financial period ended 31 December 2023, the NC and the Board were satisfied with the performance of the individual Directors, Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of MMLR.

The dates scheduled for Board meetings, Board Committee meetings and meeting of members are set in advance and circulated to the Directors to facilitate the Directors' time planning. At the end of each Board and Committee meetings, the date of the next meetings is to be re-confirmed. Each Board member is expected to achieve at least 50% attendance of total Board meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

During the financial period ended 31 December 2023, all Directors have dedicated adequate time and effort to attend Board and Board Committee meetings held to deliberate on matters under their purview. The meeting attendance of Directors during the financial period ended 31 December 2023 are furnished below:-

Name of Directors	Meeting Attendance	Percentage of Attendance
Datuk Haji Junaidi bin Datuk Haji Abdul Rahman (Resigned w.e.f 17.11.2022)	3/3	100%
Dato' Baharon bin Talib (Resigned w.e.f 10.07.2023)	5/5	100%
Khor Ben Jin (Resigned w.e.f 11.10.2023)	6/6	100%
Dato' Sri Liew Kok Leong (Resigned w.e.f 28.12.2023)	7/7	100%
Khor Chin Meng	7/7	100%
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	4/4	100%
Hong Zi Shen (Appointed w.e.f 10.07.2023)	2/2	100%
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	1/1	100%

Continuing Education Programmes

All Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars, exhibitions and/or forums to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

Continuing Education Programmes

The Directors after accessing and identifying their own training needs, attended the following conferences, seminars and training programmes during the financial period ended 31 December 2023:

Name of Directors	Seminars/Conferences/Training Programmes Attended
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	1. Shared responsibility in strengthening AMC/CFT Compliance: Risks, Challenges and collaborations 2. Governance, risk and compliance framework 3. ESG and sustainability reporting 4. Reading, understanding and analysis of financial statements for better decision making
Khor Chin Meng	1. Conflict of interest (Col) and Governance of Col 2. Management of cyber risk
Hong Zi Shen (Appointed w.e.f 10.07.2023)	1. Mandatory Accreditation Programme Part 1
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	1. Mandatory Accreditation Programme Part 1

The Board of Directors is also constantly updated with relevant reading materials and technical updates, which will enhance their knowledge and equip themselves with the necessary skills to effectively discharge their duty as Directors of the Company. In addition, relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference.

PART III - REMUNERATION

Remuneration Committee

The Board has instituted a set of policies and procedures to govern the remuneration of Directors and Senior Management. The policies and procedures serve as guidelines for the Board in remunerating Directors and Senior Management with a view to attract, retain and motivate talented and high-calibre individuals.

The Board has established a Remuneration Committee ("RC") to assist the Board in its oversight function on matters pertaining to Remuneration of Directors and Senior Management.

The RC which is chaired by Aiman Afiffudin Bin Ramlee, the Independent Non-Executive Director. The RC comprises exclusively of Independent Non-Executive Directors to assist the Board for determining the Directors' remuneration.

The members of the RC are as follows:-

Chairman

Aiman Afiffudin Bin Ramlee
(Appointed w.e.f 11.10.2023)

Independent Non-Executive Director

Members

Khor Chin Meng
Yuen Ya Ting
(appointed w.e.f 17.11.2022)

Independent Non-Executive Director
Independent Non-Executive Chairperson

The Terms of Reference of the RC can be viewed at the Company's website at <https://www.arbberhad.com/corporate-governance>.

During the financial period ended 31 December 2023, the RC reviewed the payment of Directors' fees and other benefits payable to Directors and made its recommendation to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION (CONT'D)

Remuneration Policy

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy for remuneration of the Executive Directors of the Company and for fixing the remuneration packages of individual Director. The RC also determines and recommends to the Board any performance related pay schemes for Executive Directors.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on his individual performance and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.

Details of Directors' Remuneration

In determining the level and component parts of Directors' remuneration, the RC takes into consideration the demands, complexities and performance of the Group as well as the time commitment, skills and experience that are required as a Directors. The detailed disclosure of Directors' remuneration at the Company's and Group's level for the financial period ended 31 December 2023 are as follows:

The Company

Name of Directors	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Other Emoluments (RM)	Total (RM)
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman (Resigned w.e.f 17.11.2022)	13,500	-	-	-	1,200	14,700
Khor Ben Jin (Resigned w.e.f 11.10.2023)	41,532	-	-	-	2,100	43,632
Khor Chin Meng	36,000	-	-	-	2,400	38,400
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	26,933	-	-	-	1,200	28,133
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	5,355	-	-	-	300	5,655
TOTAL	123,320	-	-	-	7,200	130,520

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION (CONT'D)

Details of Directors' Remuneration (Cont'd)

The Group

Name of Directors	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Other Emoluments (RM)	Total (RM)
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman (Resigned w.e.f 17.11.2022)	13,500	-	-	-	1,200	14,700
Khor Ben Jin (Resigned w.e.f 11.10.2023)	41,532	-	-	-	2,100	43,632
Khor Chin Meng	36,000	-	-	-	2,400	38,400
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	26,933	-	-	-	1,200	28,133
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	5,355	-	-	-	300	5,655
Dato' Sri Liew Kok Leong (Resigned w.e.f 28.12.2023)	-	-	1,495,385	-	181,146	1,676,531
Dato' Baharon Bin Talib (Resigned w.e.f 10.07.2023)	123,226	-	-	-	-	123,226
Hong Zi Shen (Appointed w.e.f 10.07.2023)	-	-	120,000	-	14,979	134,979
Lai Choon Khong	68,000	-	-	-	-	68,000
Lee Siew Wah (Ceased as of Group subsidiary's Director)	-	-	45,549	-	4,997	50,546
TOTAL	314,546	-	1,660,934	-	208,322	2,183,802

Senior Management's Remuneration

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 and entity that provides key management personnel services to the Group.

The total remuneration received by top five (5) senior management of the Group including salary, bonus, benefits in-kind and other emoluments in bands width of RM50,000 for the financial period ended 31 December 2023 are as follows:

Range of Remuneration	Number of Senior Management	Group	Company
Below RM100,000	2	118,546	-
RM100,001 – RM150,000	2	258,205	-
RM150,001 – RM200,000	-	-	-
RM200,001 – RM250,000	-	-	-
RM250,001 – RM300,000	1	1,676,530	-

The remuneration of these top five (5) senior management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE ("AC")

The AC comprises solely of Independent Directors to provide a robust and impartial oversight on financial reporting, audit and risk management processes. The members of the AC are as follows: -

Directors	Designation
Khor Chin Meng	Chairman / Independent Non-Executive Director
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	Member / Independent Non-Executive Chairperson
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	Member / Independent Non-Executive Director
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman (Resigned w.e.f 17.11.2022)	Member / Independent Non-Executive Director
Khor Ben Jin (Resigned w.e.f 11.10.2023)	Member / Independent Non-Executive Chairman

The AC is chaired by an Independent Director who is not the Chairman of the Board, therefore observed the recommendation of Practice 9.1 of MCCG which stipulates that the Chairman of the AC shall not be the Chairman of the Board.

The vast experience of the AC members in the areas of accounting, finance and auditing allows the AC to collectively possess the requisite financial literacy to have a sound understanding of the financial matters of the Group. The AC has unrestricted access to both the internal and external auditors, who in turn reports directly to the AC.

Assessment of Suitability and Independence of External Auditors

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the external auditors. This includes undertaking an annual assessment to ascertain the suitability, objectivity, and independence of the external auditors. The Auditors will highlight to the AC and the Board on matters that require the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

- the adequacy of the experience and resources of the External Auditors;
- the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - AUDIT COMMITTEE ("AC") (CONT'D)

Assessment of Suitability and Independence of External Auditors (Cont'd)

Where necessary, the AC will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the AC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors.

The AC is satisfied with the competence and independence of the External Auditors for the financial period ended 31 December 2023. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs Chengco PLT as the External Auditors of the Company for the financial year ending 31 December 2024.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on pages 52 of this Annual Report.

The Board has engaged a professional service provider to assume the Internal Audit Function of the Group. The Internal Auditors conducted regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls in the Group. These reviews were reported to the AC directly by the Internal Auditors.

During the year the internal audit function is outsourced to GovernanceAdvisory.com Sdn. Bhd which reports directly to the AC.

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

PART I - COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of ongoing engagement and communication with the stakeholders of the Company, which will build mutual trust and better understanding. The Company is committed to provide its stakeholders on timely basis with transparent, accurate and quality disclosure of the Company's operations, financial conditions, and future prospects in conformity with applicable legal and regulatory requirements.

The Annual Report is made available on ARB's website and it provides a balanced, comparable and meaningful assessment of the Group's position and prospects as well as comprehensive details about business activities and financial performance for the financial year.

The Company's website at <https://www.arbberhad.com/corporate-governance> incorporates an Investor Relations section which provides all relevant information on the Company which are accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced to Bursa Securities after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

Shareholders and investors may also forward their queries to the Company via email to ir@arbberhad.com.

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairperson or the Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at general meetings.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

PART II- CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") and Extraordinary General Meeting of the Company are important platforms for the Directors and senior management to engage with the shareholders to facilitate greater understanding of the Company's business, governance and performance. Shareholders are encouraged to actively participate during AGMs by raising questions and providing feedbacks to the Board and Senior Management.

During the financial period ended 30 June 2022, all Directors including the respective Chairmen of the Board Committees were present during the Twenty-fourth (24th) AGM to facilitate the shareholder engagement and provide clear and meaningful responses to shareholders' concerns and queries. Feedbacks gathered during the AGM are evaluated and considered for further action by the Board and Senior Management.

The notice of the upcoming AGM will be made available to shareholders more than twenty eight (28) days prior to the meeting in order to provide shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions that are to be tabled during the AGM. The upcoming AGM would be conducted virtually through live streaming and online remote voting via the remote participation and voting facilities.

The Company has implemented poll voting for all the resolutions set out in the Notice of AGM and Extraordinary General Meeting to be voted via electronic means to expedite verification and counting of votes. In addition, the Company appointed scrutineer to validate the votes cast at the general meetings.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCGG, the relevant chapters of the MMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the financial period ended 31 December 2023, except for the departures set out in the CG Report. The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

This Statement together with the CG Report was approved by the Board on 19 April 2024.

STATEMENT OF DIRECTORS RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

This statement is prepared as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Pursuant to the Companies Act 2016 (“Act”), the Directors are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year ended.

The Directors consider that, in preparing the financial statements for the financial period ended 31 December 2023, the Group has adopted appropriate accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, and prepared the financial statements on a going concern basis. The Directors also consider that all applicable approved accounting standards have been followed.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose, with reasonable accuracy at any time, the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Act and the applicable approved accounting standards in Malaysia.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial period ended 31 December 2023, the amounts of audit and non-audit fees paid/ payable by the Company and the Group to the External Auditors were as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	1,065	1,065
Non-Audit Fees	5	5
TOTAL FEES	1,070	1,070

2. MATERIAL CONTRACTS

There were no material contracts involving the Directors', chief executive (who is not a Director) and major shareholders' interests, either subsisting at the end of the financial period ended 31 December 2023 or, if not then subsisting, entered into since the end of the previous financial year.

3. CONTRACTS RELATING TO LOAN

During the financial period ended 31 December 2023, there were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

4. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The Company did not raise funds through any corporate proposals during the financial period ended 31 December 2023.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPTs")

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial period ended 31 December 2023 are set out as below:-

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial period ended 31 December 2023 (RM'000)
Ageson Group	ARB and Ageson will complement each other by providing relevant IT platform and related hardware to each other. ARB Group to provide and/ or receive SEPCM projects such as Smart Home System solutions and related hardware, and other related projects. ARB Group to provide contracts (e.g. civil works, outsource contract, etc.) and project base (e.g. R&D projects, etc.) works. ARB Group to provide all kinds of sub-contractor works in relation to engineering and technology works.	Dato' Sri Liew Kok Leong	55,640
Ageson Group	ARB and Ageson Group will complement each other by providing relevant IT platforms and related hardware to each other. In general, Ageson Group will provide hardware and IoT hardware such as sensor, valve, timer and controller to ARB.	Dato' Sri Liew Kok Leong	31,500

Besides, the Company is seeking approval from the shareholders for the proposed renewal shareholders' mandate for the Company to enter into RRPT(s) of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad at the forthcoming Annual General Meeting to be convened on Thursday, 27 June 2024 at 8:30 a.m.. The details as enclosed in the circular dated 30 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

The Board of Directors (“The Board”) of ARB Berhad is pleased to make the following statement on risk management and internal control which outlines the nature and scope of the risk management and internal control within the Group during the financial period 2023. The Statement on Risk Management and Internal Control is made in compliance with paragraph 15.26(b) of the Main Market: Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and as guided by the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” issued by Bursa Securities.

B. BOARD RESPONSIBILITY

The Board is committed to its responsibilities to maintain a sound system of risk management and internal control to safeguard the shareholders’ investments and the Group’s assets and for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of risk management and internal control, the Group’s risk management and internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and it can only provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

The Board was assisted by the Audit Committee to fulfill its responsibilities in internal audit function.

C. RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group’s business operations and that the identification and management of risk will affect the achievement of the Group’s business objectives. The Management is responsible and accountable to the Board for risk management processes being carried out to achieve the Group’s business objectives within the risk appetite parameters. In discharging its responsibilities, the Board has taken into account the guidance of the Malaysian Code on Corporate Governance.

Risk management and internal controls are treated as an integral part of overall management process. The Management oversees the Risk Management framework and the scope of work includes evaluating the existing controls for effectiveness and efficiency and providing recommendations for improvement.

D. KEY ELEMENTS OF INTERNAL CONTROL

The Board is committed to maintain a sound internal control structure to govern the manner in which the Group and its employees conduct themselves. The key features of controls are: -

- (i) the responsibilities of the Board and Management are clearly defined in the organisation structure to ensure both parties’ roles and responsibilities in overseeing the conduct of the group’s business effectively;
- (ii) Senior Management regularly performs review on finance units; and
- (iii) quarterly and comprehensive information provided to the Management, covering financial performance and key business indicators.

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

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn Bhd ("GASB"). GASB is an independent professional firm supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group's systems of internal control.

During the financial period under review, an internal audit was carried out on the Fixed Asset Monitoring and Safeguarding for ARB Agro Technology Sdn Bhd. Review was conducted in accordance with approved Internal Audit Planning Memorandum. GASB ensured that:

- Established policies and procedures are approved, conveyed and adhered to by Companywide,
- The Fixed Asset acquisitions are approved by authorized personnel, acquired Fixed Asset are registered, tagged and periodically sighted,
- Critical Fixed Asset are safeguarded, Fixed Asset transfer and/or disposal were authorized, approved and documented, and
- Adequate insurance is in place to minimize the risk of asset loss (if required).

Internal Audit Review Report carried out for current financial period was tabled and presented to the Audit Committee that there are some weaknesses in the application of control procedures were identified. The weaknesses concerned were not sufficiently critical to compromise the system of internal control. No action is required by the Management. The cost incurred by the Group for the internal audit function for the current financial period was RM 10,000.00.

F. ASSURANCE FROM MANAGEMENT

According to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has received assurance from the Executive Directors regarding the adequacy and effectiveness of the Group's risk management and internal control operation in all material aspect. It is therefore of the view that risk management and internal control system is satisfactory and no material internal control failures was noted.

G. REVIEW OF THE STATEMENTS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad MMRL, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report 2023. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

H. CONCLUSION

The Board is satisfied that the present Risk Management and Internal Control available is satisfactory, adequate and effective for the Group's business. The Board however recognises the ever changing dynamic business environment, and hence will endeavour to continue improving, and enhancing the existing system of risk management and internal control to ensure their continued relevance.

This statement was approved by the Board on 19 April 2024.

AUDIT COMMITTEE REPORT

(A) Composition

Throughout the financial period ended 31 December 2023 ("FPE 2023"), the Audit Committee ("AC") comprised:-

Directors	Designation
Khor Chin Meng	Chairman / Independent Non-Executive Director
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	Member / Independent Non-Executive Chairperson
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	Member / Independent Non-Executive Director

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. None of the Independent Non-Executive Directors have appointed Alternate Directors. The Chairman of the AC, Mr Khor Chin Meng is a Fellow Member of the Fellowship of Chartered Certified Accountant (FCCA) fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC.

(B) Meetings and Attendance

During FPE 2023, the AC conducted seven (7) meetings. The details of attendance of the members of the AC are as follows:

Name	Attendance	Percentage of Attendance
Khor Chin Meng	7/7	100%
Yuen Ya Ting (Appointed w.e.f 17.11.2022)	4/4	100%
Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11.10.2023)	1/1	100%
Mr Khor Ben Jin (Resigned w.e.f 11.10.2023)	6/6	100%
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman (Resigned w.e.f 17.11.2022)	3/3	100%

The Directors of the Company, internal auditors, external auditors and the relevant key personnel were invited to attend the meeting as and when necessary, in order to facilitate direct communications in respect on matters of significant concern of interest.

The AC meetings were structured through the use of agendas and relevant meeting papers which were distributed to the AC prior to the meetings. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues. The AC conducted its meeting in an open and constructive manner and encouraged focused discussion, questioning and expressions of differing opinions.

The external auditors will report their findings of the significant accounting and auditing issues to the AC for review, deliberation and decision making. The finance team will present the unaudited quarterly financial statements, as well as other financial reporting related matters for the AC's deliberation and recommendation to the Board for approval, where appropriate. The Chairman of the AC will report and highlight the key issues discussed at each AC meeting to the Board accordingly.

AUDIT COMMITTEE REPORT (CONT'D)

(C) Term of Reference

The terms of reference of the AC outlining the composition, authorities, roles and responsibilities of the AC, which are consistent with the requirements of the MMLR of Bursa Securities and the recommendations of the Malaysian Code on Corporate Governance, are available on the Company's website at <https://www.arbberhad.com/corporate-governance>.

(D) Summary of Work

During the FPE 2023, the AC worked closely with the External Auditors, Internal Auditors and Management to monitor, oversee, review and evaluate the effectiveness and adequacy of the Group's risk management and internal control, financial management and reporting. During FPE 2023, the following activities were carried out by the AC:-

- a) Reviewed the unaudited quarterly financial results announcements of the Company and of the Group prior to the Boards' approval with particular focus on compliance with financial reporting standards in Malaysia and provisions of the Companies Act 2016 and the Group's accounting policies and practice;
- b) Reviewed the Audit Planning Memorandum for FPE 2023;
- c) Reviewed the external auditors terms of engagement and the audit plan of the Company and of the Group for FPE 2023;
- d) Evaluated the performance of the external auditors for FPE 2023 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- e) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- f) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- g) Reviewed the effectiveness of the Group's system of internal control;
- h) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- i) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and
- j) Reviewed the relevant statements/report contained in the Annual Report 2023.

AUDIT COMMITTEE REPORT (CONT'D)

(E) Internal Audit Function and Activities

The Internal Audit ("IA") function is considered an integral part of the assurance framework within the Group. IA function plays an intermediary role in that it assists in the discharge of the oversight function which is delegated by the Board to the AC. It serves as a mean of obtaining sufficient assurance of regular review and/or appraisal of the adequacy and effectiveness of the system of internal controls from the perspective of governance, risks and control.

The Group outsources its IA function to GovernanceAdvisory.com Sdn Bhd ("GA"), which has adequate resources and appropriate standing to undertake its work independently and objectively to provide reasonable assurance to the AC regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The personnel conducting and carrying out the IA function are free from any relationship or conflict of interest or undue influence of others which could impair their independence. GA reports directly to the AC.

The total cost incurred for the IA function of the Group in respect of the FPE 2023 amounted to RM10,000.00.

The summary of the works undertaken by the internal auditors during the period under review are as follows:-

(a) Fixed asset monitoring and safeguarding in ARB Agro Technology Sdn Bhd

This report is made in accordance with a resolution passed at the AC meeting held on 19 April 2024.



FINANCIAL STATEMENTS

58	DIRECTORS' REPORT
63	STATEMENTS OF FINANCIAL POSITION
65	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
66	STATEMENTS OF CHANGES IN EQUITY
69	STATEMENTS OF CASH FLOWS
71	NOTES TO THE FINANCIAL STATEMENTS
125	STATEMENT BY DIRECTORS
125	STATUTORY DECLARATION
126	INDEPENDENT AUDITORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial period from 1 July 2022 to 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and investment holding. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Group and the Company have changed their financial year end from 30 June to 31 December. Accordingly, the financial statements of the Group and of the Company for the current financial period are drawn up for a period of eighteen (18) months from 1 July 2022 to 31 December 2023, and comparative amounts are presented for a period of eighteen (18) months from 1 January 2021 to 30 June 2022. Therefore, the amounts presented in statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows and related note are not comparable with the amounts presented for comparative period.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial period attributable to:		
Owners of the Company	(35,859)	154,188
Non-controlling interests	345	-
	<u>(35,514)</u>	<u>154,188</u>

DIVIDENDS

On 27 December 2023, our shareholders approved the Proposed Dividend-In-Specie of 17,496,142 ordinary shares in ARB IOT Group Limited ("AIGL") ("AIGL Shares"), representing approximately 66.18% of the Company's equity interest in AIGL, on the basis of 14 AIGL Shares for every 1,000 ordinary share in ARB ("ARB Shares") held by the Entitled Shareholders of ARB whose name appear in the record of depositors of ARB Shares as of 22 January 2024 ("Entitle Shareholder").

The Directors do not recommend any final dividend in respect of the financial period ended 31 December 2023.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial period except for issuance of 19,554,536 new ordinary shares pursuant to the conversion of 273,763,572 Irredeemable Convertible Preference Shares ("ICPS") at a conversion price of RM0.14 each.

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

The Company did not issue any new debentures during the financial period.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have held office during the financial period and up to the date of this report are as follows:

The Company

Khor Chin Meng

Hong Zi Shen⁽¹⁾

Yuen Ya Ting⁽¹⁾

Aiman Afiffudin Bin Ramlee⁽¹⁾

Dato' Baharon Bin Talib⁽²⁾

Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman⁽²⁾

Khor Ben Jin⁽²⁾

Dato' Sri Liew Kok Leong⁽²⁾

⁽¹⁾ Appointed during the financial period

⁽²⁾ Resigned during the financial period

Subsidiaries (excluding those who are already listed above)

Lai Choon Khong

Dato' Baharon Bin Talib

Chan Wai Heng⁽¹⁾

Chong Hwa Siong⁽²⁾

Er Yan Shuen⁽²⁾

Lee Siew Wah⁽²⁾

Pay Thiam Yong, Roger⁽²⁾

⁽¹⁾ Appointed during the financial period

⁽²⁾ Resigned/Ceased as the Group's subsidiary's Director during the financial period

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial period and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial period ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

The Company

	Number of ordinary shares			
	As at 1.7.2022/ Date of appointment	Acquired/ Conversion of ICPS	Disposed/ Date of resignation	As at 31.12.2023
Direct interest:				
Dato' Sri Liew Kok Leong	153,104,300	8,876,032	(161,980,332)	-
Hong Zi Shen	2,100,000	-	-	2,100,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

		Number of ordinary shares		
	As at 1.7.2022/ Date of appointment	Acquired/ Conversion of ICPS	Disposed/ Date of resignation	As at 31.12.2023

Indirect interest:

Dato' Sri Liew Kok Leong	107,139,400	8,975,779	(116,115,179)	-
--------------------------	-------------	-----------	---------------	---

		Number of ICPS		
	As at 1.7.2022/ Date of appointment	Acquired	Disposed/ Conversion	As at 31.12.2023

Direct interest:

Dato' Sri Liew Kok Leong	124,264,457	-	(124,264,457)	-
--------------------------	-------------	---	---------------	---

Indirect interest:

Dato' Sri Liew Kok Leong ⁽¹⁾	125,660,915	-	(125,660,915)	-
---	-------------	---	---------------	---

The details of ICPS are disclosed in Note 16 to the financial statements.

⁽¹⁾ Indirect interest through shares held by Ukay One Sdn. Bhd.

By virtue of his interests in the shares of the Company, the Director is also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial period held any interest in the shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the 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, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 26(c) to the financial statements.

There were no arrangements made during and at the end of the financial period, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' REMUNERATION

The Directors' remuneration of the Group and of the Company are amounted to RM2,183,802 (30.6.2022 RM1,624,400) and RM130,520 (30.6.2022: RM129,300) respectively during the financial period.

INDEMNITIES AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been the Director or auditor of the Group and of the Company.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL PERIOD

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have 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 other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen 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 period in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial period to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial period.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Significant events during the reporting period are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, CHENGCO PLT, have expressed their willingness to continue in office. The auditors' remuneration of the Group and of the Company are amounted to RM1,065,000 (30.6.2022: RM444,000) and RM1,065,000 (30.6.2022: RM80,000) respectively during the financial period.

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

HONG ZI SHEN

Director

Kuala Lumpur, Malaysia
19 April 2024

KHOR CHIN MENG

Director

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	97	163,602	-	-
Right-of-use assets	7	917	1,994	-	-
Intangible assets	8	31	38,780	-	-
Investment in subsidiaries	9	-	-	202,535	192,575
Investment in associates	10	-	-	-	-
Other investments	11	-	4,360	-	-
		1,045	208,736	202,535	192,575
Current assets					
Trade receivables	12	42,146	101,186	-	-
Other receivables	13	153,718	5,431	380	-
Current tax asset		32	44	-	-
Cash and cash equivalents	14	23,766	100,348	231	1,637
		219,662	207,009	611	1,637
TOTAL ASSETS		220,707	415,745	203,146	194,212
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	199,673	196,935	199,673	196,935
Irredeemable convertible preference shares	16	1,933	4,671	1,933	4,671
Reserves	17	1,809	175,625	470	(7,542)
		203,415	377,231	202,076	194,064
Non-controlling interests	9(g)	1,572	629	-	-
TOTAL EQUITY		204,987	377,860	202,076	194,064

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	7	241	1,231	-	-
Deferred tax liabilities	20	-	15,800	-	-
		241	17,031	-	-
Current liabilities					
Trade payables	18	11,464	700	-	-
Other payables and accruals	19	2,291	11,255	1,070	148
Lease liabilities	7	701	774	-	-
Current tax liability		1,023	8,125	-	-
		15,479	20,854	1,070	148
TOTAL LIABILITIES		15,720	37,885	1,070	148
TOTAL EQUITY AND LIABILITIES		220,707	415,745	203,146	194,212

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	Group		Company	
		1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000
Revenue	21	402,732	594,004	218,883	863
Cost of sales		(318,892)	(443,950)	-	(850)
Gross profit		83,840	150,054	218,883	13
Other income		95,292	2,662	-	8
Administrative expenses		(150,835)	(24,390)	(1,968)	(1,390)
Other expenses		(86,530)	(32,090)	(62,727)	(1,000)
Finance costs		(105)	(39)	-	-
(Loss)/Profit before tax	22	(58,338)	96,197	154,188	(2,369)
Taxation	23	22,824	(16,677)	-	-
(Loss)/Profit for the financial period		(35,514)	79,520	154,188	(2,369)
Other comprehensive income for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Gain on foreign currency translation		826	3	-	-
Total comprehensive (loss)/income		(34,688)	79,523	154,188	(2,369)
(Loss)/Profit for the financial period attributable to:					
Owners of the Company		(35,859)	91,298	154,188	(2,369)
Non-controlling interests	9(g)	345	(11,778)	-	-
		(35,514)	79,520	154,188	(2,369)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(35,260)	91,301	154,188	(2,369)
Non-controlling interests		572	(11,778)	-	-
		(34,688)	79,523	154,188	(2,369)
(Loss)/Earnings per share attributable to Owners of the Company (sen):					
Basic	24	(2.94)	12.40		
Diluted	24	(2.91)	11.87		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Group	Note	Attributable to Owners of the Company						Total equity RM'000
		Non-distributable		Distributable		Non-controlling interests RM'000		
		Share capital RM'000	Irredeemable convertible preference shares ("ICPS") RM'000	Exchange translation reserve RM'000	Retained earnings RM'000		attributable to Owners of the parent RM'000	
As at 1 July 2022		196,935	4,671	-	175,625	377,231	377,860	
Loss for the financial period		-	-	-	(35,859)	(35,859)	(35,514)	
Gain on foreign currency translations		-	-	599	-	599	826	
Other comprehensive income		-	-	599	-	599	826	
Total comprehensive (loss)/income		-	-	599	(35,859)	(35,260)	(34,688)	
Transaction with Owners of the Company								
Issuance of shares pursuant to conversion of ICPS	15,16	2,738	(2,738)	-	-	-	-	
Disposal of subsidiaries		-	-	2	-	2	(261)	
Demerger of AIGL Group		-	-	(3,939)	-	(3,939)	(9,045)	
Acquisitions of additional interests in subsidiaries from non-controlling interests:								
- Accretion of equity interests		-	-	-	2,533	2,533	(245)	
Effects of dilution of interests in subsidiaries		-	-	-	15,024	15,024	-	
Ordinary shares capital contributed by non-controlling interests of subsidiaries		-	-	-	-	-	23,542	
Non-convertible redeemable preference shares ("NCRPS") contributed by non-controlling interest of a subsidiary		-	-	-	-	-	1	
Redemption of NCRPS by non-controlling interest of a subsidiary		-	-	-	(6,000)	(6,000)	(1)	
Dividend paid to a non-controlling interest	9(f)	-	-	-	-	-	(6,000)	
Dividend-in-specie		-	-	-	(146,176)	(146,176)	(146,176)	
Total transactions with Owners of the Company		2,738	(2,738)	(3,937)	(134,619)	(138,556)	(138,185)	
As at 31 December 2023		199,673	1,933	(3,338)	5,147	203,415	204,987	

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Group (Cont'd)

	Share capital RM'000	Irredeemable convertible preference shares ("ICPS") RM'000	Attributable to Owners of the Company		Total attributable to Owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
			Non-distributable	Distributable			
As at 1 January 2021	93,290	6,204	-	84,267	183,761	4,874	188,635
Profit for the financial period	-	-	-	91,298	91,298	(11,778)	79,520
Gain on foreign currency translations	-	-	3	-	3	-	3
Other comprehensive income	-	-	3	-	3	-	3
Total comprehensive income	-	-	3	91,298	91,301	(11,778)	79,523

Transaction with Owners of the Company

Issuance of shares pursuant to conversion of ICPS	30,659	(1,533)	-	-	29,126	-	29,126
Issuance of shares via right issue	72,986	-	-	-	72,986	-	72,986
Disposal of subsidiaries	-	-	(3)	-	(3)	7,179	7,176
Acquisition of subsidiaries	-	-	-	-	-	170	170
Acquisitions of additional interests in subsidiary from non-controlling interests:							
- Accretion of equity interests	-	-	-	-	-	(423)	(423)
- Gain on acquisition	-	-	-	373	373	-	373
Effects of dilution of interests in a subsidiary	-	-	-	(313)	(313)	313	-
Ordinary shares capital contributed by non-controlling interests of subsidiaries	-	-	-	-	-	294	294
Total transactions with Owners of the Company	103,645	(1,533)	(3)	60	102,169	7,533	109,702
As at 30 June 2022	196,935	4,671	-	175,625	377,231	629	377,860

15,16
15

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Company

	Note	Attributable to Owners of the Company			Total equity RM'000
		Share capital RM'000	ICPS RM'000	Distributable Accumulated losses/ Retained earning RM'000	
As at 1 July 2022		196,935	4,671	(7,542)	194,064
Profit for the financial period/ Total comprehensive income		-	-	154,188	154,188
Transaction with Owners of the Company					
Issuance of shares pursuant to conversion of ICPS	15,16 9(f)	2,738	(2,738)	-	-
Dividend-in-specie		-	-	(146,176)	(146,176)
Total transactions with Owners of the Company		2,738	(2,738)	(146,176)	(146,176)
As at 31 December 2023		199,673	1,933	470	202,076
As at 1 January 2021		93,290	6,204	(5,173)	94,321
Loss for the financial period/ Total comprehensive loss		-	-	(2,369)	(2,369)
Transaction with Owners of the Company					
Issuance of shares pursuant to conversion of ICPS	15,16 15	30,659	(1,533)	-	29,126
Issuance of shares via right issue		72,986	-	-	72,986
Total transactions with Owners of the Company		103,645	(1,533)	-	102,112
As at 30 June 2022		196,935	4,671	(7,542)	194,064

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Group		Company	
	1.7.2022	1.1.2021	1.7.2022	1.1.2021
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(58,338)	96,197	154,188	(2,369)
Adjustments for:				
Depreciation of property, plant and equipment	130,588	12,063	-	-
Depreciation of right-of-use assets	1,220	445	-	-
Finance costs	105	39	-	-
Gain on reassessments and modifications of leases	-	(21)	-	-
Gain on termination of leases	(16)	-	-	-
Dividend income	-	-	(218,883)	-
Interest income	(2,621)	(485)	-	(8)
Impairment loss on intangible asset	-	30,752	-	-
Impairment loss on property, plant and equipment	44,214	-	-	-
Impairment loss on investment in associate	26,132	-	62,707	-
Impairment loss on other investments, net	2,579	1,090	-	-
Impairment loss on trade and other receivables	9,564	-	20	-
Gain on demerger of AIGL Group	(89,284)	-	-	-
(Gain)/loss on disposal of subsidiaries	(213)	114	-	1,000
Loss on disposal of other investment	899	-	-	-
Gain on bargain purchase	-	(95)	-	-
Reversal of unwinding of discounts of long-term financial instruments	-	(1,930)	-	-
Unrealised loss on foreign exchange	10	-	-	-
Operating profit/(loss) before changes in working capital	64,839	138,169	(1,968)	(1,377)
Changes in working capital:				
Trade receivables	53,566	37,181	-	58
Other receivables	(178,757)	9,341	(400)	-
Trade payables	11,380	(43,951)	-	-
Other payables and accruals	155,725	(14,149)	922	26
Cash generated from/(used in) operations	106,753	126,591	(1,446)	(1,293)
Interest received	2,621	485	-	8
Income tax paid	(296)	(113)	-	-
Net cash from/(used in) operating activities	109,078	126,963	(1,446)	(1,285)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Group		Company	
	1.7.2022	1.1.2021	1.7.2022	1.1.2021
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of additional equity interest of subsidiaries	(245)	(50)	-	-
Acquisition of subsidiaries, net of cash acquired	-	(26,210)	-	(400)
Advances to subsidiaries	-	-	-	(999)
Net cash (outflow)/inflow upon disposal of subsidiaries	(340)	(67)	-	1,000
Net cash outflow upon demerger of AIGL Group	(53,630)	-	-	-
Capital contribution to subsidiaries	-	-	(9,960)	(100,062)
Dividend received from subsidiaries	-	-	10,000	-
Proceed from redemption of other investments	(1)	5,400	-	-
Purchase of property, plant and equipment	(154,521)	(134,122)	-	-
Net cash (used in)/from investing activities	(208,737)	(155,049)	40	(100,461)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits with the licensed banks	(7,267)	2,000	-	-
Issuance of share capital via conversion of ICPS	-	29,126	-	29,126
Issuance of shares via right issue	-	72,986	-	72,986
Ordinary share capital contributed by non-controlling interests of subsidiaries	23,542	294	-	-
Payment of lease liabilities	(1,291)	(485)	-	-
Net cash from financing activities	14,984	103,921	-	102,112
Net (decrease)/increase in cash and cash equivalents	(84,675)	75,835	(1,406)	366
Effects of exchange rate changes	826	1	-	-
Cash and cash equivalents at beginning of the period	100,348	24,512	1,637	1,271
Cash and cash equivalents at end of the period	16,499	100,348	231	1,637
Cash and cash equivalents comprised:				
Fixed deposits with licenced banks	7,267	-	-	-
Cash and bank balances	16,499	100,348	231	1,637
	23,766	100,348	231	1,637
Less: Fixed deposits with licenced banks	(7,267)	-	-	-
	16,499	100,348	231	1,637

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

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

The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur. The principal place of business of the Company is located at 22.08, Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, W.P. Kuala Lumpur.

The Company is principally engaged in the provision of management services and investment holding. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities of the Group and the Company during the financial period.

During the financial period, the Group and the Company have changed their financial year end from 30 June to 31 December. Accordingly, the financial statements of the Group and of the Company for the current financial period are drawn up for a period of eighteen (18) months from 1 July 2022 to 31 December 2023, and comparative amounts are presented for a period of eighteen (18) months from 1 January 2021 to 30 June 2022. Therefore, the amounts presented in statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows and related note are not comparable with the amounts presented for comparative period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2024.

2. BASIS FOR PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial period except for the effects of adoption of new MFRSs during the financial period. The new MFRSs and Amendments to MFRSs adopted during the financial period are disclosed in Note 28(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated.

3. OPERATING SEGMENTS

The Group's businesses are organised into business units based on their products and services provided. The performance of each segment is measured based on the internal management report reviewed by Chief Operating Decision Maker. The Group is organised into 5 main business segments as follows:

- (a) Enterprise Resource Planning ("ERP") system / Cloud
- (b) Internet of Things ("IoT")
- (c) Customer relationship Management ("CRM")
- (d) Platform
- (e) Investment holding and others

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

3. OPERATING SEGMENTS (CONT'D)

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into at arms-length with terms mutually agreed between the segments and have been eliminated to arrive at the Group's results.

(a) Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	ERP RM'000	IoT RM'000	CRM RM'000	Platform RM'000	Investment holding and others RM'000	Total RM'000
31.12.2023						
Assets						
Segment assets	35,555	-	11,519	14	173,587	220,675
Deferred tax assets and tax recoverable	32	-	-	-	-	32
Total assets	35,587	-	11,519	14	173,587	220,707
Liabilities						
Segment liabilities	13,574	-	18	7	1,098	14,697
Deferred tax liabilities and tax payable	962	-	(4)	-	65	1,023
Total liabilities	14,536	-	14	7	1,163	15,720
Additions to non-current assets:						
Property, plant and equipment	30,137	102,384	22,000	-	-	154,521

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

3. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (Cont'd)

	ERP RM'000	IoT RM'000	CRM RM'000	Platform RM'000	Investment holding and others RM'000	Total RM'000
31.12.2023 (Cont'd)						
Revenue						
Total revenue	144,736	273,755	53,630	67	-	472,188
- Inter-segment revenue	(4,473)	(54,541)	(10,430)	(12)	-	(69,456)
Revenue from external parties	140,263	219,214	43,200	55	-	402,732
Results						
Segment (loss)/profit	(35,863)	48,143	(32,999)	(56)	(37,458)	(58,233)
Finance costs	(95)	(10)	-	-	-	(105)
(Loss)/Profit before tax	(35,958)	48,133	(32,999)	(56)	(37,458)	(58,338)
Tax expense	1,028	18,673	3,239	1	(117)	22,824
(Loss)/Profit for the financial period	(34,930)	66,806	(29,760)	(55)	(37,575)	(35,514)
Items included in the business segment performance analysis are:						
Depreciation of:						
- property, plant and equipment	11,090	100,576	18,922	-	-	130,588
- right-of-use assets	1,031	189	-	-	-	1,220
30.6.2022						
Assets						
Segment assets	81,487	242,663	35,076	37	56,438	415,701
Deferred tax assets and tax recoverable	30	13	1	-	-	44
Total assets	81,517	242,676	35,077	37	56,438	415,745

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

3. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (Cont'd)

	ERP RM'000	IoT RM'000	CRM RM'000	Platform RM'000	Investment holding and others RM'000	Total RM'000
30.6.2022 (Cont'd)						
Liabilities						
Segment liabilities	2,238	11,474	54	10	184	13,960
Deferred tax liabilities and tax payable	8,250	12,402	3,255	7	11	23,925
Total liabilities	10,488	23,876	3,309	17	195	37,885
Additions to non-current assets:						
Property, plant and equipment	78,107	56,014	-	-	-	134,121
Revenue						
Total revenue	133,055	443,876	33,200	108	863	611,102
- Inter-segment revenue	(12,746)	(2,295)	(1,200)	(15)	(842)	(17,098)
Revenue from external parties	120,309	441,581	32,000	93	21	594,004
Results						
Segment profit/(loss)	45	81,602	15,779	24	(1,214)	96,236
Finance costs	(33)	(6)	-	-	-	(39)
Profit/(Loss) before tax	12	81,596	15,779	24	(1,214)	96,197
Tax expense	(2,684)	(10,712)	(3,254)	(7)	(20)	(16,677)
Profit/(Loss) for the financial period	(2,672)	70,884	12,525	17	(1,234)	79,520
Items included in the business segment performance analysis are:						
Depreciation of:						
- property, plant and equipment	5,239	3,398	3,426	-	-	12,063
- right-of-use assets	328	117	-	-	-	445

(b) Geographical segments

The Group operates predominantly in Malaysia and revenue from overseas is insignificant. Accordingly, the information by geographical segment is not presented.

(c) Major customers

There are five (5) (30.6.2022: eight (8)) major customers contributing to 79% (30.6.2022: 82%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

4. CAPITAL MANAGEMENT

The primary objective of the capital management is to maintain strong capital base, good credit rating and healthy capital ratios, in order to support the Group's businesses and maximizing shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by the Shareholders' funds. The net debt-to-equity ratios at the end of the period is as follows:

	Group		Company	
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Lease liabilities	942	2,005	-	-
Less: Cash and cash equivalents	(23,766)	(100,348)	(231)	(1,637)
Net cash	(22,824)	(98,343)	(231)	(1,637)
Total capital	203,415	377,231	202,076	194,064

Gearing ratio is not presented as the Group and the Company are in net cash position.

The Group and the Company have no external borrowings. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

5. FINANCIAL RISK MANAGEMENT

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to market risk (which comprises foreign currency risk and interest rate risk), credit risk and liquidity and cash flow risk arising from their business activities.

(a) Market risk: Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group also holds cash and bank balances and deposits with licensed banks denominated in USD for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM7,551,502 (30.6.2022: RM Nil).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit after tax to a reasonably possible change in exchange rate against the respective functional currency of the Group, with all other variables held constant.

	Group	
	31.12.2023	30.6.2022
	RM'000	RM'000
(Loss)/Profit after tax		
USD/RM		
- strengthen by 10%	574	-
- weaken by 10%	(574)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk: Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates primarily relates to the deposits placed with licensed banks and lease liabilities of the Group during the financial period.

The Group's exposed to interest rate risk from the interest-bearing financial instruments is negligible. As such, sensitivity analysis is not disclosed.

(c) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Notes 12 and 13 respectively.

Credit risk concentration profile

The credit risk concentration profile has been disclosed in Note 12.

(d) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligation when they fall due. The exposure of the Group and of the Company to liquidity risk are principally from their payable and lease liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 7, 18 and 19 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

6. PROPERTY, PLANT AND EQUIPMENT

Group

31.12.2023

Cost	Computer system RM'000	Furniture, fittings, and office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
At the beginning of the period	133,998	189	56,000	23	190,210
Additions	154,144	49	-	328	154,521
Disposal of subsidiaries	(210,563)	(56)	(56,000)	(351)	(266,970)
Written off	-	(1)	-	-	(1)
At the end of the period	77,579	181	-	-	77,760
Accumulated depreciation					
At the beginning of the period	25,655	20	933	-	26,608
Charge for the period	108,327	84	22,167	10	130,588
Disposal of subsidiaries	(100,627)	(10)	(23,100)	(10)	(123,747)
Written off	-	- [#]	-	-	-
At the end of the period	33,355	94	-	-	33,449
Accumulated impairment					
Charge for the period	44,214	-	-	-	44,214
At the end of the period	44,214	-	-	-	44,214
Net carrying amount	10	87	-	-	97

30.6.2022

Cost

At the beginning of the period	41,080	165	-	65	41,310
Additions	78,021	77	56,000	23	134,121
Acquisition of subsidiaries	14,900	-	-	-	14,900
Disposal of subsidiaries	(3)	(53)	-	(65)	(121)
At the end of the period	133,998	189	56,000	23	190,210

Accumulated depreciation

At the beginning of the period	1,837	25	-	8	1,870
Charge for the period	11,096	26	933	8	12,063
Acquisition of subsidiaries	12,724	-	-	-	12,724
Disposal of subsidiaries	(2)	(31)	-	(16)	(49)
At the end of the period	25,655	20	933	-	26,608
Net carrying amount	108,343	169	55,067	23	163,602

[#] Amount is less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

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

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual rates used are as follows:

Computer system	10% - 33%
Furniture, fittings and office equipment	10%
Plant and machinery	20% - 33%
Renovation	10% - 20%

- (c) Included in computer system of the Group are carrying amount of RM Nil (30.6.2022: RM108,342,905) related to software system and source code.
- (d) The Group assessed whether there are any indications of impairment of certain property, plant and equipment during the financial period. In doing this, management considered the current environment, taking into consideration the impact of environment and performance of Cash Generating Units ("CGUs").

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections derived from financial budgets approved by management.

Management has made estimates about future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenues and operating profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

During the financial period, an impairment loss of RM44,214,000 (30.6.2022: RM Nil) is recognised in relation to computer system of certain subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGU.

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

Right-of-use assets

	Group	
Premises and office spaces	31.12.2023 RM'000	30.6.2022 RM'000
Cost		
At the beginning of the period	2,282	528
Additions	2,056	2,282
Disposal of subsidiaries	(280)	(210)
Reassessment and modification of lease	-	(83)
Termination of leases	(2,059)	(235)
At the end of the period	1,999	2,282
Accumulated depreciation		
At the beginning of the period	288	274
Charge for the period	1,220	445
Disposal of subsidiaries	(83)	(88)
Reassessment and modification of lease	-	(118)
Termination of leases	(343)	(225)
At the end of the period	1,082	288
Net carrying amount	917	1,994

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

Lease liabilities

	Group	
Premises and office spaces	31.12.2023 RM'000	30.6.2022 RM'000
At the beginning of the period	2,005	288
Additions	2,056	2,282
Disposal of subsidiaries	(201)	(123)
Interest charged	105	39
Reassessment and modification of lease	-	14
Termination of leases	(1,732)	(10)
Payment of:		
- principal	(1,186)	(446)
- interest	(105)	(39)
	(1,291)	(485)
At the end of the period	942	2,005
Represented by:		
Current liabilities	701	774
Non-current liabilities	241	1,231
	942	2,005
Lease liabilities owing to non-financial institutions	942	2,005

- (a) The Group leases a number of shop lots and office spaces in the location which it operates. The lease of the shop lots and office spaces comprised fixed payment over the lease term.
- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms for premises and office spaces are 2 to 3 years.

- (c) The Group has certain leases of premises, office spaces and equipments with lease term of twelve (12) months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (d) The following are the amounts recognised in profit or loss:

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
Administrative expenses:		
- Depreciation of right-of-use assets	1,220	445
- Expense relating to short-term leases	439	188
- Expense relating to leases of low-value assets	13	8

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

Lease liabilities (Cont'd)

Premises and office spaces (Cont'd)

(d) The following are the amounts recognised in profit or loss: (Cont'd)

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
Finance costs:		
- Interest expense on lease liabilities	105	39

(e) The table below summarises the maturity profile of the lease liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Weighted average incremental borrowing rate %	Within one year RM'000	One to five years RM'000	Total RM'000
31.12.2023				
Lease liabilities	4.40	728	243	971
30.6.2022				
Lease liabilities	3.88 - 3.89	838	1,275	2,113

(f) The Group leases several assets that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management determines whether these extension and termination options are reasonably certain to be exercised.

As at 31 December 2023, there are no undiscounted potential future rental payments that are not included in the lease term.

(g) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.

(h) For the purpose of the statements of cash flows, the reconciliation of liabilities arising from financing activities as follows:

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
At the beginning of the period	2,005	288
Cash flows	(1,291)	(485)
Non-cash flows:		
- Additions	2,056	2,282
- Accretion of interest	105	39
- Disposal of subsidiaries	(201)	(123)
- Reassessment and modification leases	-	14
- Termination of leases	(1,732)	(10)
At the end of the period	942	2,005

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

8. INTANGIBLE ASSETS

Group

31.12.2023

**Goodwill
RM'000**

Cost

At the beginning of the period
Disposal of subsidiaries

**38,780
(38,749)**

At the end of the period

31

Net carrying amount

31

30.6.2022	Goodwill RM'000	Green project contract RM'000	Photovoltaic cell project RM'000	Total RM'000
Cost				
At the beginning of the period	45	24,752	6,000	30,797
Additions	38,780	-	-	38,780
Disposal of subsidiaries	(45)	(24,752)	(6,000)	(30,797)
At the end of the period	38,780	-	-	38,780
Accumulated impairment				
Charged for the period	-	24,752	6,000	30,752
Disposal of subsidiaries	-	(24,752)	(6,000)	(30,752)
At the end of the period	-	-	-	-
Net carrying amount	38,780	-	-	38,780

(a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.

(b) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

(c) Green project contract

Green project contract is the project secured with an indirect wholly-owned subsidiary of University Sains Malaysia to install, operate and manage Solar PV system at USM Faculty of Engineering.

(d) Photovoltaic cell project

Photovoltaic cell project is the joint venture research and development of renewable energy technology project into commercially viable products.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

8. INTANGIBLE ASSETS (CONT'D)

- (e) The Group assesses whether there are any indicators of impairment during the financial period. In doing this, management considers the current environment and performance of the Cash Generating Units ("CGUs").

Management has made significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use ("VIU") model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. In the previous financial period, the management impaired the green project contract costs and photovoltaic cell project costs of the Group amounted to RM24,751,769 and RM6,000,000 respectively, because the Directors expected future economic benefits were no longer probable of being recovered.

The calculation initial cost of Green project contract are most sensitive the following assumptions:

- the potential future economic benefits expected to derived from the Agreement for 30 years concession period;
- the solar charging rates/tariff rates;
- the expectations of sunshine based on the historical data of the average monthly hours of sunshine in Penang;
- the rate of solar degradation (%) will be as per Management's estimations;
- expenses are expected to increase by 5.0% annually;
- bank loan interest rate of 7.72% per annum; and
- pre-tax discount rate of 9.29% per annum has been applied in determining the recoverable amount of the CGUs.

The calculations of VIU for the CGUs of goodwill are most sensitive to the following assumptions:

- Revenue growth rates

The forecasted growth rates are determined based on past performance of the CGUs.

- Expenses growth rate

Expenses are projected at annual increase of approximately 3.0% (30.6.2022: 3.0%) per annum.

- Pre-tax discount rates

Pre-tax discount rate of 5.11% (30.6.2022: 4.09%) per annum has been applied in determining the recoverable amount of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2023	30.6.2022
	RM'000	RM'000
Unquoted shares, at cost	400	400
Capital contribution	202,135	192,175
	202,535	192,575

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

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group controls an investee if and only if the Group has: (i) Power over the investee; (ii) Exposure, or right to variable returns from its involvement with the investee; and (iii) The ability to use its power over the investee to affect its returns.

An investee that the Group has less than a majority of the voting or similar rights, the Group consider all relevant facts and circumstances in assessing whether it has power over an investee when, including: (i) the contractual arrangement with the other vote holders of the investee; (ii) rights arising from other contractual agreements; and (iii) the voting rights of the Group and potential voting rights.

The Group treats a portion of an investee as a deemed separate entity and controls the deemed separate entity. Specified assets of the investee are the only source of payment for specified liabilities of the investee. Parties other than those with the specified liability do not have rights or obligations related to the specified assets or to residual cash flows from those assets. In substance, none of the returns from the specified assets can be used by the remaining investee and none of the liabilities of the deemed separate entity are payable from the assets of the remaining investee. Thus, in substance, all the assets, liabilities and equity of that deemed separate entity are ring-fenced from the overall investee.

The Group identified the activities that significantly affect the returns of the deemed separate entity and how those activities are directed in order to assess whether it has power over that portion of the investee. The Group also consider whether it has exposure or rights to variable returns from its involvement with that deemed separate entity and the ability to use its power over that portion of the investee to affect the amount of the investor's returns when assessing the control of the deemed separate entity.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows:

Name of company	Effective interest in equity			Principal activities
	31.12.2023		30.6.2022	
	%		%	
* ARB Holdings Sdn. Bhd. ("ARB Holdings")	100	(d)(1)	100	Investment holding
<i>Subsidiaries of ARB Holdings</i>				
* ARB Digital Technology Sdn. Bhd. ("ARB Digital Technology")	100	(d)(2)	100	Investment holding
<i>Subsidiaries of ARB Digital Technology</i>				
* ARB Asset Sdn. Bhd.	100	(d)(3)	100	Investment holding
<i>Subsidiary of ARB Asset Sdn. Bhd.</i>				
* ARB Tower Sdn. Bhd.	100	(d)(4)	100	Dormant
* ARB Cell Sdn. Bhd.	100	(d)(5)	100	Investment holding
<i>Subsidiary of ARB Cell Sdn. Bhd.</i>				
* ARB Cloud Cosec Sdn. Bhd. (formerly known as ARB AIC Technologies Sdn. Bhd. and ARB ARB Doc2us Sdn. Bhd.)	(c)(2) 100	(d)(6)	100	^ Dormant
* ARB Codes Sdn. Bhd.	100	(d)(7)	100	Investment holding
<i>Subsidiary of ARB Codes Sdn. Bhd.</i>				
* ARB Axflix Sdn. Bhd.	51	(d)(8)	51	Providing Information Technology Outsourcing ("ITO") services
* ARB C5 Sdn. Bhd.	100	(d)(9)	100	Investment holding
<i>Subsidiary of ARB C5 Sdn. Bhd.</i>				
* ARB Cloud Sdn. Bhd.	100	(d)(10)	100	^ Reselling cloud based products
* ARB Net Sdn. Bhd.	100	(d)(15)	100	^ Investment holding
* ARB Smarttech Sdn. Bhd.	100	(d)(16)	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity				Principal activities
	31.12.2023		30.6.2022		
	%		%		
<i>Subsidiaries of ARB Holdings (Cont'd)</i>					
<i>Subsidiaries of ARB Digital Technology (Cont'd)</i>					
<i>Subsidiary of ARB Smarttech Sdn. Bhd.</i>					
* ARB Fintech Sdn. Bhd.	100	(d)(17)	100		^ Dormant
* Magical Solution Sdn. Bhd. (Formerly known as ARB Solution Sdn. Bhd.)	(c)(3)	-	(d)(18)	100	Investment holding
<i>Subsidiary of Magical Solution Sdn. Bhd. (Formerly known as ARB Solution Sdn. Bhd.)</i>					
* ARB Pay Sdn. Bhd.	(c)(3)	-	(d)(19)	100	^ Provision of platform for general tradings and services in retail industry
* ARB Techinvest Sdn. Bhd.	100	(d)(20)	100		Investment holding
<i>Subsidiary of ARB Techinvest Sdn. Bhd.</i>					
* ARB System Sdn. Bhd.	100	(d)(21)	100		^ Provision of ERP and Customer Relationship Management system ("CRM")
* ARB Vision Sdn. Bhd.	100	(d)(23)	100		Investment holding
<i>Subsidiary of ARB Vision Sdn. Bhd.</i>					
* ARB Analysis Sdn. Bhd.	100	(d)(24)	100		Provision of ERP and CRM

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity				Principal activities
	31.12.2023		30.6.2022		
	%		%		
<i>Subsidiaries of ARB Holdings (Cont'd)</i>					
<i>Subsidiaries of ARB Digital Technology (Cont'd)</i>					
<i>Subsidiary of ARB VM Sdn. Bhd.</i>					
* ARB VM Sdn. Bhd.		100	(d)(25)	100	Investment holding
* ARB Workforce Software Sdn. Bhd.		100	(d)(26)	100	Provision of information technology outsourcing services
* ARB WM Sdn. Bhd.		100	(d)(27)	100	Investment holding
<i>Subsidiary of ARB WM Sdn. Bhd.</i>					
* ARB Wemeet Sdn. Bhd.		100	(d)(28)	100	Business in provision of virtual meeting platform
* Techenergy Power Sdn. Bhd.		100	(d)(29)	100	Investment holding
<i>Subsidiary of Techenergy Power Sdn. Bhd.</i>					
* ARB Industry Sdn. Bhd. (formerly known as Blue Wave Corner Sdn. Bhd.)		100	(d)(30)	100	Provision of information technology outsourcing services
* Youth Inspired Sdn. Bhd.	(c)(8)	51		-	Investment holding
<i>Subsidiary of Youth Inspired Sdn. Bhd.</i>					
* OMC One Sdn. Bhd. (formerly known as ARB Platform Technologies Sdn. Bhd. and ARB Agro IOT Sdn. Bhd.)	(c)(9)	51	(d)(31)	100	Provision of information technology outsourcing service and phone retailer
* ARB IOT Limited - Cayman Island	(c)(1)	100	(d)(32)	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity				Principal activities
	31.12.2023		30.6.2022		
	%		%		
#* ARB IOT Group Limited - <i>Cayman Island</i>	(c)(5)/ (c)(10)	-	(d)(33)	100	Investment holding
#* ARB IOT (M) Sdn. Bhd.	(c)(10)	-	(d)(34)	100	Investment holding
<i>Subsidiary of ARB IOT (M) Sdn. Bhd.</i>					
#* ARB IOT Group Sdn. Bhd.	(c)(10)	-	(d)(35)	100	Investment holding
<i>Subsidiaries of ARB IOT Group Sdn. Bhd.</i>					
#* ARB AI Agro Sdn. Bhd.	(c)(10)	-	(d)(36)	100	Investment holding
<i>Subsidiary of ARB AI Agro Sdn. Bhd.</i>					
#* ARB Agro Technology Sdn. Bhd. (formerly known as Digital Agroponic Sdn. Bhd.)	(c)(10)	-	(d)(37)	100	Business in digital agricultural technology
#* ARB AI Sdn. Bhd.	(c)(10)	-	(d)(38)	100	Investment holding
<i>Subsidiary of ARB AI Sdn. Bhd.</i>					
#* ARBIOT Sdn. Bhd.	(c)(10)	-	(d)(39)	100	^ IoT, internet and multimedia development and consultancy services, and project management
#* ARB Information Sdn. Bhd.	(c)(10)	-	(d)(40)	100	Investment holding
<i>Subsidiary of ARB Information Sdn. Bhd.</i>					
#* ARB AI Technology Sdn. Bhd.	(c)(10)	-	(d)(41)	100	Provision of IT software and hardware solution

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity			Principal activities
	31.12.2023	30.6.2022		
	%	%		
<i>Subsidiary of ARB IOT Group Limited (Cont'd)</i>				
<i>Subsidiary of ARB IOT (M) Sdn. Bhd. (Cont'd)</i>				
<i>Subsidiaries of ARB IOT Group Sdn. Bhd. (Cont'd)</i>				
#* ARB Lab Sdn. Bhd.	(c)(10)	-	(d)(42) 100	^ Investment holding
<i>Subsidiary of ARB Lab Sdn. Bhd.</i>				
#* ARB R&D Sdn. Bhd.	(c)(10)	-	(d)(43) 100	Development of IT and IoT for software and hardware
<i>Subsidiaries of ARB R&D Sdn. Bhd.</i>				
#* ARB Innovation Sdn. Bhd. (formerly known as Aberys Innovation Sdn. Bhd.)	(c)(10)	-	(d)(44) 100	Provision of IT software and hardware solution
#* ARB R1 Technology Sdn. Bhd.	(c)(10)	-	(d)(45) 100	Dormant
* ARB Middleware Sdn. Bhd.	(c)(7)	-	(d)(46) 100	Investment holding
<i>Subsidiary of ARB Middleware Sdn. Bhd.</i>				
* ARB Distribution Sdn. Bhd.	(c)(7)	-	(d)(47) 51	^ Distribution of IoT related products
#* ARB Robotic Sdn. Bhd.	(c)(6)/ (c)(10)	-	(d)(48) 95	Investment holding
<i>Subsidiary of ARB Robotic Sdn. Bhd.</i>				
#* ARB Intelligence Sdn. Bhd.	(c)(6)/ (c)(10)	-	(d)(49) 95	IoT cloud business platform
#* ARB Techsymbol Sdn. Bhd.	(c)(10)	-	(d)(50) 100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity				Principal activities
	31.12.2023		30.6.2022		
	%		%		
<i>Subsidiary of ARB IOT Group Limited (Cont'd)</i>					
<i>Subsidiary of ARB IOT (M) Sdn. Bhd. (Cont'd)</i>					
<i>Subsidiaries of ARB IOT Group Sdn. Bhd. (Cont'd)</i>					
<i>Subsidiaries of ARB Techsymbol Sdn. Bhd.</i>					
#* ARB Logistic Technologies Sdn. Bhd.	(c)(10)	-	(d)(51)	100	Dormant
#* ARB WMS Technologies Sdn. Bhd. (formerly known as Bluewave WMS Technologies Sdn. Bhd.)	(c)(10)	-	(d)(52)	51	Business in provision of warehouse management system solution and equipment
#* ARB 5G Sdn. Bhd.	(c)(10)	-	(d)(53)	100	Investment holding
<i>Subsidiary of ARB 5G Sdn. Bhd.</i>					
#* ARB Big Data Sdn. Bhd.	(c)(10)	-	(d)(54)	100	Software development and data analysis
* ARB Synergy Sdn. Bhd.	(c)(4)	-	(d)(55)	100	Investment holding
<i>Subsidiary of ARB Synergy Sdn. Bhd.</i>					
* ARB Databook Pte. Ltd. - Singapore	(c)(4)	-	(d)(56)	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

* Subsidiaries not audited by CHENGCO PLT.

During the financial period, AIGL and its subsidiaries were demerged from the Group via the distribution of Dividend-In-Specie.

^ In the previous financial period, the status of these subsidiaries have been changed, due to Group undertook an internal restructuring exercise to streamline the efficiency of the group corporate structure.

The financial statements of all subsidiaries used in consolidation are prepared as of 31 December.

- (c) During the financial period, the Group completed the following subscriptions, acquisitions and disposals of companies:

(1) On 19 September 2022, ARB IOT Limited, an indirect subsidiary of the Company, had additional subscribed 15,000,000 ordinary shares of AIGL for a total cash consideration of USD1,500.

(2) On 21 November 2022, the Group's equity interest in ARB Cloud Cossec Sdn. Bhd. ("ARB Cloud Cossec"), an indirect wholly-owned subsidiary of the Company, was diluted from 100% to 51%, for a total cash consideration of RM245,000.

On 9 January 2023, ARB Cell Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, acquired 960,784 ordinary shares representing 49% of equity interest in ARB Cloud Cossec, for a total cash consideration of RM245,000. Consequently, ARB Cloud Cossec became wholly-owned subsidiary of the Company.

(3) On 18 October 2022, the Group's equity interest in Magical Solution Sdn. Bhd. ("Magical Solution"), an indirect wholly-owned subsidiary of the Company and ARB Pay Sdn. Bhd., its wholly-owned subsidiary ("Magical Solution Group"), was diluted from 100% to 83.3%, for a total cash consideration of RM5. Consequently, Magical Solution Group had reclassified to other investments.

Subsequently, the Magical Solution Group has fully disposed off from the Group for a total cash consideration of RM1, on 29 September 2023.

(4) On 17 April 2023, ARB IOT Group Sdn. Bhd., an indirect subsidiary of the Company, acquired 1 ordinary share representing 100% equity interest of ARB Synergy Sdn. Bhd. from ARB Digital Technology Sdn. Bhd. for a total cash consideration of RM1. Consequently, ARB Synergy Sdn. Bhd. and its wholly-owned subsidiary company, namely ARB Databook Pte. Ltd. became wholly-owned subsidiaries of the ARB IOT Group Sdn. Bhd.

On 27 June 2023, ARB IOT Group Sdn. Bhd. disposed 100% equity interest in ARB Synergy Sdn. Bhd. for a cash consideration of RM1. Consequently, ARB Synergy Sdn. Bhd. and its subsidiary company, ARB Databook Pte. Ltd. disposed off from the Group.

(5) On 5 April 2023, AIGL, a wholly own subsidiary of the Company, had completed a listing in NASDAQ Stock Exchange in New York following the initial public issue of 1,250,000 new ordinary shares at public offering price of USD4.00 per ordinary share, and on 25 April 2023, AIGL issued 187,500 new ordinary shares at the public offering price of USD4.00 per share, pursuant to the exercise by the underwriter of the over-allotment option, granted to it in connection with the initial public offering. As a result, the Company had decreased controlling equity interest in the AIGL from 100% to 94.56%.

(6) On 26 May 2023, ARB IOT Group Sdn. Bhd. acquired 10 ordinary shares representing 10% of equity interest of ARB Robotic Sdn. Bhd. from ARB Distribution Sdn. Bhd., an indirect owned subsidiary of the Company, for a total cash consideration of RM1. Consequently, ARB Robotic Sdn. Bhd. and its wholly-owned subsidiary company, namely ARB Intelligent Sdn. Bhd. became wholly-owned subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions and disposals of companies: (Cont'd)

- (7) On 6 October 2023, ARB IOT Group Sdn. Bhd., an indirect subsidiary of the Company, disposed 100% equity interest in ARB Middleware Sdn. Bhd. for a total cash consideration of RM1. Consequently, ARB Middleware Sdn. Bhd. and its subsidiary company, namely ARB Distribution Sdn. Bhd. disposed off from the Group.
- (8) On 30 October 2023, ARB Digital Technology Sdn. Bhd., an indirect subsidiary of the Company had subscribed 51 ordinary shares representing 51% of equity interest of Youth Inspired Sdn. Bhd. ("Youth Inspired") for a total cash consideration of RM51.
- (9) On 30 November 2023, Youth Inspired acquired 10 ordinary shares representing 100% of equity interest of OMC One Sdn. Bhd. from Techenergy Power Sdn. Bhd. for a total cash consideration RM10. Consequently, OMC One Sdn. Bhd. became a wholly-owned subsidiary of Youth Inspired.
- (10) On 27 December 2023, our shareholders approved the Proposed Dividend-In-Specie of 17,496,142 ordinary shares in AIGL, representing approximately 66.18% of the Company's equity interest in AIGL, on the basis of 14 AIGL Shares for every 1,000 ordinary share in ARB held by the Entitled Shareholders of ARB whose name appear in the record of depositors of ARB Shares as of 22 January 2024.

On 5 February 2024, the Company announced that the Distribution-In-Specie of 17,496,142 ordinary shares in AIGL ("Distributable Shares"), representing approximately 66.18% equity interest held by ARB in AIGL has been distributed to the Entitled Shareholders, on the basis of 14 Distributable Shares for every 1,000 ordinary shares in ARB held by the Entitled Shareholders of ARB whose name appear in the record of depositors of ARB Shares as of 22 January 2024.

Subsequent to the completion of Distribution-In-Specie, AIGL and its subsidiaries ("AIGL Group") had ceased to be subsidiaries of the Company. The Company retained a residual equity shareholding of approximately 28.38% in AIGL, reclassified as an investment in associate.

- (d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies:

- (1) On 11 January 2021, ARB Berhad incorporated a wholly-owned subsidiary, ARB Holdings Sdn. Bhd., with an issued and paid up capital of RM400,000 comprising 400,000 ordinary shares.
- (2) On 18 January 2021, ARB Holdings Sdn. Bhd., a subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Digital Technology, with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (3) On 23 June 2021, ARB Digital Technology, an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Asset Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (4) On 20 April 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Tower Sdn. Bhd., with an issued and paid up capital of RM100 comprising 100 ordinary shares.

On 30 June 2021, ARB Asset Sdn. Bhd., an indirect subsidiary of the Company, acquired 100 ordinary shares representing 100% equity interest of ARB Tower Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Tower Sdn. Bhd. became a wholly-owned subsidiary of ARB Asset Sdn. Bhd..

- (5) On 8 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Cell Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (6) On 9 March 2021, ARB Cell Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Doc2us Sdn. Bhd. from ARB System Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Doc2us Sdn. Bhd. became a wholly-owned subsidiary of ARB Cell Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (7) On 2 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Codes Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (8) On 9 February 2021, ARB Codes Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 255,000 ordinary shares representing 51% of equity interest of ARB Axflx Sdn. Bhd., for a total cash consideration of RM255,000.
- (9) On 22 June 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB C5 Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (10) On 4 February 2021, ARB Digital Technology acquired 100 ordinary shares representing 100% equity interest of ARB Cloud Sdn. Bhd. from ARB Development Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Cloud Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

On 24 June 2021, ARB C5 Sdn. Bhd., an indirect subsidiary of the Company, acquired 100 ordinary shares representing 100% equity interest of ARB Cloud Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Cloud Sdn. Bhd. became a wholly-owned subsidiary of ARB C5 Sdn. Bhd..

- (11) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Digit Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 18 February 2022, ARB Digital Technology disposed 100% equity interest in ARB Digit Sdn. Bhd. for a total cash consideration of RM1. Consequently, ARB Digit Sdn. Bhd. and its subsidiary companies, namely ARB Development Sdn. Bhd., C&M Renewable Energy Technology Sdn. Bhd., ARB Investment (Cambodia) Co., Ltd., ARB Techbatch Sdn. Bhd. and Baritech Sdn. Bhd. disposed off from the Group.

- (12) On 26 February 2021, ARB Digit Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 99,000,000 ordinary shares representing 99% of equity interest of ARB Development Sdn. Bhd., for a total cash consideration of RM9,900. Following the internal reorganisation, ARB Development Sdn. Bhd. became a direct 99% owned subsidiary of ARB Digit Sdn. Bhd.. The Company's effective interest in ARB Development Sdn. Bhd.'s ordinary shares remained at 100%.

- (13) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Techbatch Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 17 February 2022, ARB Digit Sdn. Bhd. acquired one (1) ordinary shares representing 100% equity interest of ARB Techbatch Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Techbatch Sdn. Bhd. became a wholly-owned subsidiary of ARB Digit Sdn. Bhd..

- (14) On 26 February 2021, ARB Techbatch Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 9,900,000 ordinary shares representing 99% of equity interest of Baritech Sdn. Bhd., for a total cash consideration of RM990. Following the internal reorganisation, Baritech Sdn. Bhd. became a direct 99% owned subsidiary of ARB Techbatch Sdn. Bhd.. The Company's effective interest in Baritech Sdn. Bhd.'s ordinary shares remained at 100%.

- (15) On 19 February 2021, ARB Digital Technology acquired 100 ordinary shares representing 100% equity interest of ARB Net Sdn. Bhd. from ARBIOT Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Net Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (16) On 10 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Smarttech Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (17) On 11 March 2021, ARB Smarttech Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Fintech Sdn. Bhd. from ARB System Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Fintech Sdn. Bhd. became a wholly-owned subsidiary of ARB Smarttech Sdn. Bhd..
- (18) On 30 March 2022, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Solution Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (19) On 16 June 2022, ARB Solution Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Pay Sdn. Bhd. from ARB System Sdn. Bhd. for a total cash consideration of RM1,000,000. Following the internal reorganisation, ARB Pay Sdn. Bhd. became a wholly-owned subsidiary of ARB Solution Sdn. Bhd..
- (20) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Techinvest Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (21) On 8 February 2021, ARB Techinvest Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB System Sdn. Bhd. from ARB Development Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB System Sdn. Bhd. became a wholly-owned subsidiary of ARB Techinvest Sdn. Bhd..
- (22) On 4 May 2021, ARB System Sdn. Bhd., an indirect subsidiary of the Company, disposed 100% equity interest in Databook Pte. Ltd. for a total cash consideration of SGD1.
- (23) On 14 March 2022, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Vision Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (24) On 16 March 2022, ARB Vision Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Analysis Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (25) On 4 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB VM Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (26) On 24 August 2021, ARB VM Sdn. Bhd. had acquired 70,000 ordinary shares representing 70% of equity interest of ARB Workforce Software Sdn. Bhd., for a total cash consideration of RM100,000.

On 15 November 2021, ARB VM Sdn. Bhd. acquired 30,000 ordinary shares representing 30% of the equity interest of ARB Workforce Software Sdn. Bhd. for a total cash consideration of RM1. Consequently, ARB Workforce Software Sdn. Bhd. became a wholly-owned subsidiary of ARB VM Sdn. Bhd..
- (27) On 30 March 2022, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB WM Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (28) On 8 March 2021, ARB VM Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Wemeet Sdn. Bhd., with an issued and paid up capital of RM100 comprising 100 ordinary shares.

On 20 October 2021, ARB Techinvest Sdn. Bhd. acquired 100 ordinary shares representing 100% equity interest of ARB Wemeet Sdn. Bhd. from ARB VM Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Wemeet Sdn. Bhd. became a wholly-owned subsidiary of ARB Techinvest Sdn. Bhd..

On 4 April 2022, ARB WM Sdn. Bhd. acquired 100 ordinary shares representing 100% equity interest of ARB Wemeet Sdn. Bhd. from ARB Techinvest Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Wemeet Sdn. Bhd. became a wholly-owned subsidiary of ARB WM Sdn. Bhd..

- (29) On 27 January 2021, ARB Lab Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, Techenergy Power Sdn. Bhd., with an issued and paid up capital of RM2 comprising two (2) ordinary shares.

On 8 March 2021, Baritech Sdn. Bhd., an indirect subsidiary of the Company, acquired 2 ordinary shares representing 100% equity interest of Techenergy Power Sdn. Bhd. from ARB Lab Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, Techenergy Power Sdn. Bhd. became a wholly-owned subsidiary of Baritech Sdn. Bhd..

On 17 August 2021, ARB Digital Technology acquired two (2) ordinary shares representing 100% equity interest of Techenergy Power Sdn. Bhd. from Baritech Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, Techenergy Power Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

- (30) On 6 April 2021, ARB Net Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Industry Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 23 August 2021, Techenergy Power Sdn. Bhd., an indirect subsidiary of the Company, acquired one (1) ordinary shares representing 100% equity interest of ARB Industry Sdn. Bhd. from ARB Net Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Industry Sdn. Bhd. became a wholly-owned subsidiary of Techenergy Power Sdn. Bhd..

- (31) On 1 March 2022, Techenergy Power Sdn. Bhd. had acquired 10 ordinary shares representing 100% of equity interest of ARB Agro IOT Sdn. Bhd., for a total cash consideration of RM10.

- (32) On 23 February 2022, ARB Holdings Sdn. Bhd. had acquired one (1) ordinary share representing 100% of equity interest of ARB IOT Limited, for a total cash consideration of USD1.

- (33) On 1 March 2022, ARB IOT Limited, an indirect subsidiary of the Company, had acquired one (1) ordinary share representing 100% of equity interest of ARB IOT Group Limited, for a total cash consideration of USD1.

On 9 June 2022, ARB IOT Limited had additional subscribed 9,990,000 ordinary shares for a total cash consideration of USD999. The equity interest in ARB IOT Group Limited's remained at 100%.

- (34) On 15 March 2022, ARB IOT Group Limited, an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB IOT (M) Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (35) On 7 October 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB IOT Group Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 18 March 2022, ARB IOT (M) Sdn. Bhd., an indirect subsidiary of the Company, acquired one (1) ordinary shares representing 100% equity interest of ARB IOT Group Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB IOT Group Sdn. Bhd. became a wholly-owned subsidiary of ARB IOT (M) Sdn. Bhd..

- (36) On 18 May 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB AI Agro Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IOT Group Sdn. Bhd., an indirect subsidiary of the Company, acquired one (1) ordinary share representing 100% equity interest of ARB AI Agro Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB AI Agro Sdn. Bhd. became a wholly-owned subsidiary of ARB IOT Group Sdn. Bhd..

- (37) On 3 June 2021, ARB AI Agro Sdn. Bhd., an indirect subsidiary of the Company, had acquired 900 ordinary shares representing 90% of equity interest of ARB Agro Technology Sdn. Bhd., for a total cash consideration of RM8,864,443.

On 12 October 2021, ARB AI Agro Sdn. Bhd. acquired 100 ordinary shares representing 10% of the equity interest of ARB Agro Technology Sdn. Bhd. for a total cash consideration of RM100. Consequently, ARB Agro Technology Sdn. Bhd. became a wholly-owned subsidiary of ARB AI Agro Sdn. Bhd..

- (38) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB AI Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IOT Group Sdn. Bhd. acquired one (1) ordinary share representing 100% equity interest of ARB AI Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB AI Sdn. Bhd. became a wholly-owned subsidiary of ARB IOT Group Sdn. Bhd..

- (39) On 26 February 2021, ARB AI Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 99,000,000 ordinary shares representing 99% of equity interest of ARBIOT Sdn. Bhd., for a total cash consideration of RM9,900. Following the internal reorganisation, ARBIOT Sdn. Bhd. became a direct 99% owned subsidiary of ARB AI Sdn. Bhd.. The Company's effective interest in ARBIOT Sdn. Bhd.'s ordinary shares remained at 100%.

On 31 December 2021, ARB AI Sdn. Bhd. acquired 1,000,000 ordinary shares representing 1% equity interest of ARBIOT Sdn. Bhd. from ARB Development Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARBIOT Sdn. Bhd. became a wholly-owned subsidiary of ARB AI Sdn. Bhd..

- (40) On 14 March 2022, ARB IOT Group Sdn. Bhd. incorporated a wholly-owned subsidiary, ARB Information Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (41) On 16 March 2022, ARB Information Sdn. Bhd. incorporated a wholly-owned subsidiary, ARB AI Technology Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

(42) On 19 February 2021, ARB Digital Technology acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Lab Sdn. Bhd. from the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Lab Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

On 6 July 2021, ARB Digital Technology disposed 400,000 ordinary shares representing 40% equity interest of ARB Lab Sdn. Bhd. for a total cash consideration of RM1.

On 8 October 2021, ARB IOT Group Sdn. Bhd. acquired 600,000 ordinary shares representing 60% equity interest of ARB Lab Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Lab Sdn. Bhd. became a direct 60% owned subsidiary of ARB IOT Group Sdn. Bhd..

On 30 December 2021, ARB IOT Group Sdn. Bhd. acquired 400,000 ordinary shares representing 40% equity interest of ARB Lab Sdn. Bhd. for a total cash consideration of RM400. Consequently, ARB Lab Sdn. Bhd. became a wholly-owned subsidiary of ARB IOT Group Sdn. Bhd..

(43) On 2 April 2021, ARB Lab Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB R&D Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(44) On 23 September 2021, ARB R&D Sdn. Bhd., an indirect subsidiary of the Company, had acquired one (1) ordinary share representing 100% of equity interest of ARB Innovation Sdn. Bhd., for a total cash consideration of RM8,000,001.

(45) On 10 May 2022, ARB R&D Sdn. Bhd. had acquired one (1) ordinary share representing 100% of equity interest of ARB R1 Technology Sdn. Bhd., for a total cash consideration of RM1.

(46) On 8 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Middleware Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IOT Group Sdn. Bhd. acquired one (1) ordinary share representing 100% equity interest of ARB Middleware Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Middleware Sdn. Bhd. became a wholly-owned subsidiary of ARB IOT Group Sdn. Bhd..

(47) On 2 March 2021, ARB Middleware Sdn. Bhd., an indirect subsidiary of the Company, acquired 51 ordinary shares representing 51% equity interest of ARB Distribution Sdn. Bhd. from ARBIOT Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Distribution Sdn. Bhd. became a direct 51% owned subsidiary of ARB Middleware Sdn. Bhd..

(48) On 8 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Robotic Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 25 June 2021, ARB Digital Technology and ARB Distribution Sdn. Bhd., both are indirect subsidiaries of the Company, subscribed 89 ordinary shares and 10 ordinary shares representing 89% and 10% equity interest respectively of ARB Robotic Sdn. Bhd. Consequently, ARB Robotic Sdn. Bhd. became 95% indirectly owned subsidiary of the Company.

On 8 October 2021, ARB IOT Group Sdn. Bhd. acquired 90 ordinary share representing 90% equity interest of ARB Robotic Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB IOT Group Sdn. Bhd.'s effective interest in ARB Robotic Sdn. Bhd.'s ordinary shares remained at 95%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (d) In the previous financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

(49) On 25 June 2021, ARB Robotic Sdn. Bhd., an indirect subsidiary of the Company, had acquired 1,000 ordinary shares representing 100% of equity interest of ARB Intelligence Sdn. Bhd., for a total cash consideration of RM9,400,000.

(50) On 8 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Techsymbol Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IOT Group Sdn. Bhd. acquired one (1) ordinary share representing 100% equity interest of ARB Techsymbol Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Techsymbol Sdn. Bhd. became a wholly-owned subsidiary of ARB IOT Group Sdn. Bhd..

(51) On 25 January 2021, ARB Digital Technology had subscribed 51,000 ordinary shares representing 51% of equity interest of ARB Logistic Technologies Sdn. Bhd., for a total cash consideration of RM51,000.

On 22 February 2021, ARB Techsymbol Sdn. Bhd., an indirect subsidiary of the Company, acquired 51,000 ordinary shares representing 51% equity interest of ARB Logistic Technologies Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Logistic Technologies Sdn. Bhd. became a direct 51% owned subsidiary of ARB Techsymbol Sdn. Bhd..

On 12 July 2021, ARB Techsymbol Sdn. Bhd. acquired 49,000 ordinary shares representing 49% of the equity interest of ARB Logistic Technologies Sdn. Bhd. for a total cash consideration of RM49,000. Consequently, ARB Logistic Technologies Sdn. Bhd. became a wholly-owned subsidiary of ARB Techsymbol Sdn. Bhd..

(52) On 12 August 2021, ARB Techsymbol Sdn. Bhd. had acquired 51,000 ordinary shares representing 51% of equity interest of ARB WMS Technologies Sdn. Bhd. Bhd., for a total cash consideration of RM51,000.

(53) On 10 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB 5G Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 21 December 2021, ARB IOT Group Sdn. Bhd. had subscribed 99 ordinary shares representing 99% of equity interest of ARB 5G Sdn. Bhd., for a total cash consideration of RM99. Following the internal reorganisation, ARB 5G Sdn. Bhd. became a direct 99% owned subsidiary of ARB IOT Group Sdn. Bhd.. The Company's effective interest in ARB 5G Sdn. Bhd.'s ordinary shares remained at 100%.

(54) On 22 June 2021, ARB 5G Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Big Data Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(55) On 2 April 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Synergy Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(56) On 1 July 2021, ARB Synergy Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Databook Pte. Ltd., with an issued and paid up capital of SGD1 comprising one (1) ordinary share.

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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (e) Acquisition of equity interest in subsidiaries

31.12.2023

During the financial period, there was an acquisition of Youth Inspired Sdn. Bhd.

The fair value of consideration transferred and the impact on cash flows of the acquisitions of subsidiary was negligible to the Group.

30.6.2022

In the previous financial period, there were acquisitions of ARB Agro Technology Sdn. Bhd. ("ARB Agro Tech"), ARB WMS Technologies Sdn. Bhd. ("ARB WMS"), ARB Intelligence Sdn. Bhd. ("ARB Intelligence"), ARB Innovation Sdn. Bhd. ("ARB Innovation"), ARB Workforce Software Sdn. Bhd. ("ARB Workforce") and ARB R1 Technology Sdn. Bhd. ("ARB R1").

The fair value of consideration transferred and the effects on cash flows of the acquisitions of subsidiaries were as follows:

	Agro Tech RM'000	ARB WMS RM'000	ARB Intelligence RM'000	ARB Innovation RM'000	ARB Workforce RM'000	ARB R1 RM'000	ARB Total RM'000
Fair value of consideration for the acquisitions	8,864	51	9,400	8,000	100	-	26,415
Less: Cash and cash equivalents of subsidiaries acquired	(2)	(100)	-	(1)	(101)	(1)	(205)
Cash outflow from acquisitions of subsidiaries	8,862	(49)	9,400	7,999	(1)	(1)	26,210

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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Acquisition of equity interest in subsidiaries (Cont'd)

30.6.2022 (Cont'd)

The recognised provisional fair values of identifiable assets and liabilities of subsidiaries at acquisition date were as follows:

	ARB Agro Tech RM'000	ARB WMS RM'000	ARB Intelligence RM'000	ARB Innovation RM'000	ARB Workforce RM'000	ARB R1 RM'000	Total RM'000
Property, plant and equipment	-	-	2,175	-	-	-	2,175
Trade receivables	-	190	-	275	-	-	465
Cash and bank balances	2	100	-	1	101	1	205
Trade payables	-	-	-	(7)	-	-	(7)
Other payables and accruals	(2)	(4)	(14,925)	(2)	(2)	(3)	(14,938)
Net assets/(liabilities)	-	286	(12,750)	267	99	(2)	(12,100)
Non-controlling interests measured at fair value	-	(140)	-	-	(30)	-	(170)
Group's share of net assets/(liabilities)	-	146	(12,750)	267	69	(2)	(12,270)
Less: Negative goodwill on consolidation recognised in consolidated statement of profit or loss	-	(95)	-	-	-	-	(95)
Add: Goodwill on consolidation	8,864	-	22,150	7,733	31	2	38,780
Total fair value of consideration for the acquisitions	8,864	51	9,400	8,000	100	-	26,415

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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (e) Acquisition of equity interest in subsidiaries (Cont'd)

30.6.2022 (Cont'd)

The fair value of the non-controlling interest represents its share of the fair value of subsidiaries at the acquisition date, estimated using the purchase price allocation method. The negative goodwill on business combination is not taxable for tax purpose.

Provisional fair value is assigned to the intangible assets. Professional consultants have been commissioned to undertake valuation of this asset.

ARB Agro Tech, ARB WMS, ARB Intelligence, ARB Innovation, ARB Workforce and ARB R1 contributed the following revenue and profit to the Group's consolidated statement of profit or loss for the current period since the date of acquisitions:

	Agro Tech RM'000	ARB WMS RM'000	ARB Intelligence RM'000	ARB Innovation RM'000	ARB Workforce RM'000	ARB R1 RM'000	ARB Total RM'000
Revenue	169,345	-	6,090	234,000	-	-	409,435
Profit/(Loss) before tax	18,072	(39)	4,863	(406)	(2)	(1)	22,486
Profit/(Loss) for the period	13,720	(75)	4,861	(406)	(2)	(1)	18,097

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Disposal of equity interest in subsidiaries

31.12.2023

- (i) During the financial period, there are disposal of ARB Synergy Sdn. Bhd. and its subsidiary, ARB Databook Pte. Ltd., ARB Midware Sdn. Bhd and its subsidiary, ARB Distribution Sdn. Bhd, and deemed disposal of Magical Solution Sdn. Bhd. and its subsidiary, ARB Pay Sdn. Bhd..

The effects on the Group's financial statements are as follows:

	RM'000
Cash proceeds	* -
Less: Cost of investment in subsidiaries	* -
Gain on disposal of subsidiaries at subsidiaries' company level	-
Post-acquisition reserves recognised up to the date of disposal	215
	215
Realisation of exchange translation reserve to profit and loss	(2)
Gain on disposal of subsidiaries at the Group level	213

The value of assets and liabilities of disposal and deemed disposal of subsidiaries as at date of disposal are as follows:

	RM'000
Property, plant and equipment	375
Trade receivables	1,448
Other receivables, prepayments and deposits	363
Cash and bank balances	340
Trade payables	(617)
Other payables and accruals	(770)
Current tax liability	(192)
Net assets	947
Less : Non-controlling interest	(263)
Less : Realisation of exchange translation reserve to profit and loss	2
Less : Reclassified to other investments (Note 11)	(899)
	(213)
Gain on disposal of subsidiaries at the Group level	213
Net disposal proceeds	* -
Cash and cash equivalents of subsidiaries disposed	340
Net cash outflow upon disposal of subsidiaries	340

* Amount is less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Disposal of equity interest in subsidiaries (Cont'd)

- (ii) During the financial period, AIGL Group was demerged from the Group via the distribution of Dividend-In-Specie.

The effects on the Group and Company's financial statements are as follows:

	Group RM'000
Dividend-in-specie	146,176
Net assets deconsolidation	(92,069)
Realisation of exchange translation reserve to profit and loss	3,939
	58,046
Non-controlling interest	5,106
Reclassified to investment in associate (Note 10)	26,132
	89,284
Gain on demerger of AIGL Group at the Group level	89,284
	Company RM'000
Dividend-in-specie	146,176
Cost of investment	(146,176)
	-
Gain on demerger of AIGL Group at the Company level	-

The value of assets and liabilities of AIGL Group as at date of demerger are as follows:

	RM'000
Property, plant and equipment	142,848
Right-of-use assets	197
Intangible assets	38,749
Trade receivables	2,700
Other receivables, prepayments and deposits	15,859
Current tax asset	21
Cash and bank balances	53,630
Other payables and accruals	(162,136)
Lease liabilities	(201)
Current tax liability	(86)
Deferred tax liabilities	488
	92,069
Realisation of exchange translation reserve to profit and loss	(3,939)
Non-controlling interest	(5,106)
	83,024
Less : Reclassified to investment in associate (Note 10)	(26,132)
	56,892
Gain on demerger of AIGL Group at the Group level	89,284

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Disposal of equity interest in subsidiaries (Cont'd)

(ii) During the financial period, AIGL Group was demerged from the Group via the distribution of Dividend-In-Specie. (Cont'd)

The value of assets and liabilities of AIGL Group as at date of demerger are as follows: (Cont'd)

	RM'000
Subtotal	146,176
Less : Dividend-in-specie	(146,176)
Net demerger proceeds	-
Cash and cash equivalents of AIGL Group	53,630
Net cash outflow upon demerger of AIGL Group	53,630

30.6.2022

During the previous financial period, there were disposal of ARB Digit Sdn. Bhd. and its subsidiaries and Databook Pte. Ltd..

The effects on the Group's financial statements were as follows:

	RM'000
Cash proceeds	* -
Less: Cost of investment in subsidiaries	(1,000)
Gain on disposal of subsidiaries at subsidiaries' company level	(1,000)
Pre-acquisition reserves recognised upon acquisition	(344)
Post-acquisition reserves recognised up to the date of disposal	1,228
	(116)
Realisation of foreign currency translation gain reclassified from reserve	2
Loss on disposal of subsidiaries at the Group level	(114)

The value of assets and liabilities of ARB Digit Sdn. Bhd. and its subsidiaries; and Databook Pte. Ltd. as at the date of disposal on 4 May 2021 was as follows:

	RM'000
Property, plant and equipment	72
Right-of-use assets	122
Intangible assets	45
Trade receivables	29
Other receivables, prepayments and deposits	343
Current tax asset	31
Cash and bank balances	67
Trade payables	(7,500)
Other payables and accruals	(145)
Lease liabilities	(123)
Current tax liability	(4)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Disposal of equity interest in subsidiaries (Cont'd)

30.6.2022 (Cont'd)

The value of assets and liabilities of ARB Digit Sdn. Bhd. and its subsidiaries; and Databook Pte. Ltd. as at the date of disposal on 4 May 2021 was as follows: (Cont'd)

	RM'000
Net assets	(7,063)
Non-controlling interest	7,179
Realisation of foreign currency translation gain reclassified from reserve	(2)
	<u>114</u>
Loss on disposal of subsidiaries at the Group level	(114)
	<u>* -</u>
Net disposal proceeds	*
Cash and cash equivalents of ARB Digit Sdn. Bhd. and its subsidiaries; and Databook Pte. Ltd.	(67)
	<u>(67)</u>
Net cash outflow upon disposal of a subsidiary	<u>(67)</u>

* Amount is less than RM1,000.

(g) Subsidiaries with non-controlling interests

Subsidiaries of the Group that have material non-controlling interests (NCI) are as follows:

31.12.2023

	ARB Axflx	Youth Inspired Group	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest (%)	49%	49%		
Carrying amount of NCI (RM'000)	<u>65</u>	<u>1,507</u>	<u>-</u>	<u>1,572</u>
(Loss)/Profit allocated to NCI (RM'000)	<u>(221)</u>	<u>1,181</u>	<u>(615)</u>	<u>345</u>
Total comprehensive (loss)/income allocated to NCI (RM'000)	<u>(221)</u>	<u>1,181</u>	<u>(388)</u>	<u>572</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(g) Subsidiaries with non-controlling interests (Cont'd)

Summarised financial information of the subsidiaries that have material NCI as at the end of each reporting period prior to intra-group elimination are as follows:

31.12.2023 (Cont'd)

	ARB Axflinx RM'000	Youth Inspired Group RM'000
Assets and liabilities		
Non-current assets	19	-
Current assets	136	17,105
Current liabilities	(22)	(14,029)
	<u>133</u>	<u>3,076</u>
Net assets		
	<u>133</u>	<u>3,076</u>
Results		
Revenue	56	16,794
(Loss)/Profit for the financial period	(451)	1,896
Total comprehensive (loss)/income	<u>(451)</u>	<u>1,896</u>
Cash flows used in operating activities	(523)	(489)
Cash flows from investing activities	359	-
Cash flows from financing activities	-	500
	<u>(164)</u>	<u>11</u>
Net (decrease)/increase in cash and cash equivalents		
	<u>(164)</u>	<u>11</u>

Subsidiaries of the Group that have material non-controlling interests (NCI) were as follows:

30.6.2022

	ARB Axflinx	ARB Robotic Group	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest (%)	49%	5%		
Carrying amount of NCI (RM'000)	<u>286</u>	<u>235</u>	<u>108</u>	<u>629</u>
Profit/(Loss) allocated to NCI (RM'000)	<u>41</u>	<u>236</u>	<u>(12,055)</u>	<u>(11,778)</u>
Total comprehensive income/(loss) allocated to NCI (RM'000)	<u>41</u>	<u>236</u>	<u>(12,055)</u>	<u>(11,778)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(g) Subsidiaries with non-controlling interests (Cont'd)

Summarised financial information of the subsidiaries that have material NCI as at the end of each reporting period prior to intra-group elimination were as follows:

30.6.2022 (Cont'd)

	ARB Axflix RM'000	ARB Robotic Group RM'000
Assets and liabilities		
Non-current assets	41	4,721
Current assets	659	408
Non-current liabilities	(5)	-
Current liabilities	(110)	(324)
Net assets	585	4,805
Results		
Revenue	992	6,090
Profit for the financial period	84	4,805
Total comprehensive income	84	4,805
Cash flows from/(used in) operating activities	204	(9,274)
Cash flows used in investing activities	(322)	(9,400)
Cash flows from financing activities	500	19,060
Net increase in cash and cash equivalents	382	386

10. INVESTMENT IN ASSOCIATE

	Group		Company	
	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
At cost:				
Quoted equity shares				
- outside Malaysia	26,132	-	62,707	-
Less : Accumulated impairment	(26,132)	-	(62,707)	-
Net carrying amounts	-	-	-	-

(a) The detail of the associate company, incorporate outside Malaysia is as follows:

Name of company	Effective interest in equity		Principal activity
	31.12.2023	30.6.2022	
	%	%	
<i>Associate of ARB Berhad</i>			
ARB IOT Group Limited - <i>Cayman Island</i>	28.38		- Investment holding

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

10. INVESTMENT IN ASSOCIATE (CONT'D)

(b) The associate is accounted for using the equity method in the consolidated financial statements.

(c) The summarised financial information of the associate is as follows:

31.12.2023

	ARB IOT Group Limited RM'000
Non-current assets	181,794
Current assets	72,209
Non-current liabilities	488
Current liabilities	(162,422)
Net assets	92,069
Loss for the financial period	(22,617)
Other comprehensive income	-
Total comprehensive loss	(22,617)
Included in the total comprehensive income is:	
Revenue	273,755

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

31.12.2023

	ARB IOT Group Limited RM'000
Net assets at end of the financial period	92,069
The Company's equity interest	28.38%
Interest in associated company (RM'000)	26,132
Accumulated impairment (RM'000)	(26,132)
Net carrying amounts at end of the financial period (RM'000)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

11. OTHER INVESTMENTS

	Group	
	31.12.2023	30.6.2022
	RM'000	RM'000
Financial assets at fair value through profit or loss		
Equity securities:		
Unquoted shares in Malaysia		
At cost		
At the beginning of the period	5,450	10,850
Additions	899	-*
Redemption/Disposal	(2,680)	(5,400)
At the end of the period	3,669	5,450
Accumulated impairment		
At the beginning of the period	(1,090)	-
Charge for the period	(2,579)	(1,090)
At the end of the period	(3,669)	(1,090)
Net carrying amount	-	4,360

* Amount is less than RM1,000.

- (a) Unquoted shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair values of investments in unquoted shares are estimated based on the price to book valuation model, for which the price to book ratio is a significant unobservable input.

Sensitivity analysis for investments in unquoted shares is not material to the Group.

There is no transfer between levels in the hierarchy during the financial period.

- (b) During the financial period, the Group has redeemed the 212,884 Redeemable Convertible Preference Shares ("RCPS") of Yes's Comm Enterprise Sdn. Bhd. for a total redemption proceed of RM1,781,500.
- (c) In the previous period, the Group has redeemed the 100,000 RCPS of Solidvest Properties Sdn. Bhd. for a total redemption proceed of RM5,400,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

12. TRADE RECEIVABLES

	Group	
	31.12.2023	30.6.2022
	RM'000	RM'000
Current		
Trade receivables		
- Third parties	43,471	101,186
Less : Impairment losses		
- Individual assessment	(1,325)	-
Total trade receivables	42,146	101,186

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group ranged from 180 to 210 days (30.6.2022: 180 to 210 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate based on the probability of a receivable progressing through successive stages of delinquency to 210 days past due.

The expected loss rates are based on the historical credit losses experienced by the Group. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the base lending rate, unemployment rate, inflation rate and labor force participation as the key macroeconomic factors. Nevertheless, the Group believe that these factors are immaterial for the purpose of impairment calculation for the period.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgments in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

12. TRADE RECEIVABLES (CONT'D)

- (d) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

Group	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
31.12.2023			
Current	39,471	(1,125)	38,346
Past due:			
1 to 30 days	4,000	(200)	3,800
	<u>43,471</u>	<u>(1,325)</u>	<u>42,146</u>
30.6.2022			
Current	101,142	-	101,142
Past due:	37	-	37
1 to 30 days	5	-	5
31 to 120 days	1	-	1
121 to 210 days	1	-	1
	<u>101,186</u>	<u>-</u>	<u>101,186</u>
More than 210 days			

- (e) The movement in impairment losses on trade receivables are as follows:

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
Charge for the period	<u>1,325</u>	-
At the end of the period	<u>1,325</u>	-

- (f) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
By country		
Malaysia	<u>42,146</u>	<u>101,186</u>

There are two (2) (30.6.2022: two (2)) customers concentrated in trade receivables balances. The Group does not have significant exposure to single customers or to industry groups and does not anticipate the carrying amounts recorded at the end of the reporting period to be significantly different from the values that would eventually be received.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

13. OTHER RECEIVABLES

	Group		Company	
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Amount due from associate	160,541	-	400	-
Deposits	732	5,417	-	-
Prepayments	61	13	-	-
Other receivables	572	1	-	-
	161,906	5,431	400	-
Less : Impairment losses				
- Amount due to from associate	(8,188)	-	(20)	-
	153,718	5,431	380	-

(a) Other receivables and deposits are classified as financial assets measured at amortised cost.

(b) Impairment for other receivables are recognised based on the simplified approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on payment trends and past due information.

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

Evidence that a financial asset is credit impaired includes the following observable data:

- (i) Significant financial difficulties of the debtor;
- (ii) It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- (iii) The disappearance of an active market for a security because of financial difficulties.

The probability of non-payment by other receivables is adjusted by forward looking information as stated in Note 12(c) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

(c) The movement in impairment losses on other receivables are as follows:

	Group		Company	
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Charge for the period	8,239	-	20	-
Disposal of subsidiaries	(51)	-	-	-
At the end of the period	8,188	-	20	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
Cash and bank balances	16,499	100,348	231	1,637
Deposits with licensed banks	7,267	-	-	-
	<u>23,766</u>	<u>100,348</u>	<u>231</u>	<u>1,637</u>

- (a) Cash and bank balances and deposits with licensed banks are classified as financial assets measured at amortised cost. It is highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant changes in value with original maturities period of three months or less.
- (b) Deposits with licensed banks of the Group have an average maturity period of 180 days.
- (c) The interest rates of deposits with licensed banks of the Group are 1.75% to 5.45% (30.6.2022: 1.70%) per annum.
- (d) Included in deposit with a foreign licensed bank of the Group is an amount of RM7,266,589 (30.6.2022: RM Nil) pledged to a foreign licensed bank as securities for banking facilities granted to a subsidiary.
- (e) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
Ringgit Malaysia	16,214	100,348	231	1,637
United States Dollar	7,552	-	-	-
	<u>23,766</u>	<u>100,348</u>	<u>231</u>	<u>1,637</u>

- (f) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

15. SHARE CAPITAL

	Group and Company			
	31.12.2023		30.6.2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares				
At the beginning of the period	1,216,435	196,935	454,924	93,290
Issuance of shares pursuant to conversion of ICPS	19,555	2,738	153,294	30,659
Issuance of shares via right issue	-	-	608,217	72,986
	<u>1,235,990</u>	<u>199,673</u>	<u>1,216,435</u>	<u>196,935</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

15. SHARE CAPITAL (CONT'D)

- (a) During the financial period, the Company issued 19,554,536 (30.6.2022: 153,293,851) new ordinary shares pursuant to the conversion of 273,763,572 (30.6.2022: 153,293,851) Irredeemable Convertible Preference Shares ("ICPS") at a conversion price of RM0.14 (30.6.2022: RM0.20) each.
- (b) In the previous period, the Company issuance of 608,217,400 new ordinary shares via right issue at a price of RM0.12 per ordinary share for a total cash consideration of RM72,986,088 for working capital purposes.
- (c) Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES

	Group and Company			
	31.12.2023		30.6.2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At the beginning of the period	467,133	4,671	620,427	6,204
Conversion to ordinary shares	(273,764)	(2,738)	(153,294)	(1,533)
At the end of the period	193,369	1,933	467,133	4,671

The Irredeemable Convertible Preference Shares ("ICPS") issued at an issue price of RM0.01 each have been admitted to the Official List of Bursa Malaysia Securities Berhad and the listing of and the quotation for 1,008,150,000 ICPS was granted with effect from 18 January 2019.

The salient features of the ICPS were as follow:

- (a) Each registered holder of the ICPS shall have the conversion right at any time during the conversion period of five years commencing from the issue date of the ICPS of 16 January 2019 up to the maturity date of 15 January 2024 which is the date immediately preceding the fifth anniversary of the issue date of the ICPS.
- (b) Based on the conversion price of RM0.20, the ICPS can be converted by way of surrendering twenty (20) ICPS of RM0.01 each for one new ordinary share or by a combination of such number of ICPS and cash with an aggregate value equal to the conversion price, subject to a minimum of one ICPS, and paying the difference between the aggregate value of the ICPS surrendered and the conversion price in cash for one new ordinary share.
- (c) The ICPS have a tenure period of 5 years from the date of issue and will not be redeemable in cash. All outstanding ICPS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM0.20 each on the maturity date, with any fractional new ordinary shares arising from the mandatory conversion of the ICPS on the maturity date shall be disregarded.
- (d) Upon conversion of the ICPS into new ordinary shares, such shares upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

17. RESERVES

	Group		Company	
	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
Non-distributable				
Exchange translation reserve	(3,338)	-	-	-
Distributable				
Retained earnings/(Accumulated losses)	5,147	175,625	470	(7,542)
	<u>1,809</u>	<u>175,625</u>	<u>470</u>	<u>(7,542)</u>

(a) Exchange translation reserve

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

18. TRADE PAYABLES

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
Current		
Trade payables		
- Third parties	<u>11,464</u>	<u>700</u>

(a) Trade payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 210 days (30.6.2022: 30 to 210 days).

(c) The table below summarises the maturity profile of the trade payables as at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Weighted average incremental borrowing rate %	Within one year RM'000
31.12.2023		
Trade payables	-	<u>11,464</u>
30.6.2022		
Trade payables	-	<u>700</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Other payables	1,178	10,165	-	-
Accruals	1,113	1,090	1,070	148
	<u>2,291</u>	<u>11,255</u>	<u>1,070</u>	<u>148</u>

- (a) Other payables and accruals are classified as financial liabilities measured at amortised cost.
- (b) The maturity profile of the other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

20. DEFERRED TAX LIABILITIES

	Group	
	31.12.2023	30.6.2022
	RM'000	RM'000
At the beginning of the period	15,800	7,288
Recognised in profit or loss:		
Property, plant and equipment	(10,090)	14,970
Intangible assets	-	(5,940)
Unabsorbed capital allowances	(6,198)	(878)
Unused tax losses	-	360
	<u>(16,288)</u>	<u>8,512</u>
Disposal of subsidiaries	488	-
At the end of the period	<u>-</u>	<u>15,800</u>

Components of deferred tax liabilities at the end of each reporting period comprise the tax effects of:

	Group	
	31.12.2023	30.6.2022
	RM'000	RM'000
Property, plant and equipment	-	16,739
Unabsorbed capital allowances	-	(939)
	<u>-</u>	<u>15,800</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

21. REVENUE

	Group		Company	
	1.7.2022	1.1.2021	1.7.2022	1.1.2021
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sale of goods	234,953	423,785	-	-
Rendering of information technology services	167,779	170,198	-	-
Management fee	-	21	-	863
Dividend income	-	-	218,883	-
	402,732	594,004	218,883	863
Timing of revenue recognition				
Transferred at a point in time	402,732	593,983	218,883	-
Transferred over time	-	21	-	863
	402,732	594,004	218,883	863

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time 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 a customer obtains control of that asset which coincides with the delivery of goods and acceptance by the customer.

There is no material right of return provided to the customers on the sale of goods and there is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Rendering of information technology services

Revenue from rendering of information technology services is recognised when the Group renders services to a customer and such customer is able to receive and consume such services. The Group has a present right to the payment of the services rendered.

(c) Management fee

Management fee is the provision of management services to subsidiaries and recognised over time when subsidiaries simultaneously receive and consume the benefits.

(d) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

22. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	1.7.2022	1.1.2021	1.7.2022	1.1.2021
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit				
Auditor of the Company:				
- current period	1,065	444	1,065	80
- under provision in prior period	-	-	1	-
Other auditors:				
- current period	297	140	-	-
- over provision in prior period	(5)	-	-	-
- Other services	689	-	5	5
Depreciation of:				
- property, plant and equipment	130,588	12,063	-	-
- right-of-use assets	1,220	445	-	-
Expenses on financial liabilities at amortised costs:				
- Interest expense of lease liabilities	105	39	-	-
Impairment loss on intangible asset	-	30,752	-	-
Impairment loss on property, plant and equipment	44,214	-	-	-
Impairment loss on investment in associate	26,132	-	62,707	-
Impairment loss on other investment, net	2,579	1,090	-	-
Impairment loss on trade and other receivables	9,564	-	20	-
Incorporation expenses	-	38	-	-
Loss on disposal of a subsidiary	-	242	-	-
Loss on disposal of other investment	899	-	-	-
Low value assets - rental of equipment	13	8	-	-
Short term leases - rental of premises	439	188	-	-
Realised loss foreign exchange	6	-	-	-
Unrealised loss foreign exchange	10	-	-	-
And crediting:				
Gain on disposal of subsidiaries, net	(213)	(128)	-	-
Gain on demerger of AIGL Group	(89,284)	-	-	-
Gain on reassessment and modification of lease	-	(21)	-	-
Gain on termination of lease	(16)	-	-	-
Income on financial asset at amortised cost:				
- Interest income	(2,621)	(485)	-	-
Income on financial liability at amortised cost:				
- Reversal of discounts of long-term financial instruments	-	(1,930)	-	-
Gain on bargain purchase	-	(95)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

23. TAXATION

	Group		Company	
	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000
Income tax				
- Current period provision	1,475	8,147	-	-
- (Over)/Under provision in prior period	(8,011)	18	-	-
	(6,536)	8,165	-	-
Deferred tax (Note 20)				
- Relating to origination and reversal of temporary differences	(16,284)	8,525	-	-
- Over provision in prior period	(4)	(13)	-	-
	(16,288)	8,512	-	-
	(22,824)	16,677	-	-

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (30.6.2022: 24%) of the estimated taxable profit for the fiscal year.

(b) Numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000
(Loss)/Profit before tax	(58,338)	96,197	154,188	(2,369)
Tax at Malaysian statutory rate of 24% (30.6.2022: 24%)	(14,001)	23,087	37,005	(568)
Tax effects in respect of:				
Non-allowable expenses	54,065	3,545	154	506
Non-taxable income	(73,826)	(58)	(52,532)	-
Changes in unrecognised temporary differences	8,523	(10,654)	-	-
Tax exempt income	(20,258)	-	-	-
Double tax deduction	-	(15)	-	-
Deferred tax assets not recognised	32,129	767	15,373	62
Utilisation of unrecognised deferred tax assets	(1,441)	-	-	-
	(14,809)	16,672	-	-
(Over)/Under provision in prior period				
- Income tax	(8,011)	18	-	-
- Deferred tax	(4)	(13)	-	-
Tax expense	(22,824)	16,677	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

23. TAXATION (CONT'D)

(c) Unrecognised deferred tax assets

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group		Company	
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	43,252	3,556	4	4
Unused tax losses				
Expires by 30 June/31 December 2030	374	375	374	374
Expires by 30 June/31 December 2032	2,186	7,726	260	260
Expires by 30 June/31 December 2033	65,143	-	64,055	-
Other deductible temporary differences	35,860	7,291	-	-
	146,815	18,948	64,693	638

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

24. (LOSS)/EARNINGS PER ORDINARY SHARE ("(LPS)/EPS")

(a) Basic (LPS)/EPS

The basic (LPS)/EPS of the Group is calculated based on the (loss)/profit attributable to Owners (ordinary equity holders) of the Company divided by the weighted average number of ordinary shares in issue.

	Group	
	1.7.2022	1.1.2021
	31.12.2023	30.6.2022
(Loss)/Profit attributable to Owners of the Company (RM'000)	(35,859)	91,298
Weighted average number of ordinary shares in issue ('000)	1,218,563	736,051
Basic (LPS)/EPS (sen)	(2.94)	12.40

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

24. (LOSS)/EARNINGS PER ORDINARY SHARE ("(LPS)/EPS") (CONT'D)

(b) Diluted (LPS)/EPS

The diluted (LPS)/EPS of the Group is calculated based on the (loss)/profit attributable to Owners (ordinary equity holders) of the Company divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares arising from ICPS as follow:

	Group	
	1.7.2022 31.12.2023	1.1.2021 30.6.2022
(Loss)/Profit attributable to Owners of the Company (RM'000)	<u>(35,859)</u>	<u>91,298</u>
Weighted average number of ordinary shares in issue ('000)	1,218,563	736,051
Effect of dilution of assumed conversion of ICPS ('000)	<u>13,812</u>	<u>33,367</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,232,375</u>	<u>769,418</u>
Diluted (LSP)/EPS (sen)	<u>(2.91)</u>	<u>11.87</u>

25. EMPLOYEE BENEFITS

	Group	
	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000
Salaries, wages, bonuses and allowances	5,197	4,644
Defined contribution plans	632	515
Social security contributions	62	45
Other employee benefits	<u>734</u>	<u>939</u>
	<u>6,625</u>	<u>6,143</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

26. RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include Key Management Personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The Key Management Personnel include all the Directors of the Group and of the Company.

The Group has related party relationship with its subsidiaries, Directors and companies in which Directors of the Group have interest.

(b) The Group and the Company had the following transactions with related parties during the financial period:

	Group		Company	
	1.7.2022	1.1.2021	1.7.2022	1.1.2021
	31.12.2023	30.6.2022	31.12.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries companies:				
- Management fees income	-	-	-	842
- Management fees expense	-	-	-	(850)
- Dividend income	-	-	218,883	-
Transactions with companies in which a Company's Director has substantial financial interests:				
- Revenue	110,693	154,040	-	-
- Office rental expense	(198)	(198)	-	-
- Set up fee for professional hub	(1,500)	-	-	-
- Purchase of property, plant and equipment	(30,000)	-	-	-

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

26. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

The key management personnel comprise the Directors of the Group and their remuneration during the financial period are as follows:

	Group		Company	
	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000	1.7.2022 31.12.2023 RM'000	1.1.2021 30.6.2022 RM'000
Executive Directors:				
- fee	191	2	-	2
- non-fee emoluments	1,862	1,495	-	-
Non-executive Directors:				
- fee	124	119	124	119
- non-fee emoluments	7	8	7	8
	2,184	1,624	131	129

27. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Save as the significant events consist of the changes in composition of the Group during the period as disclosed in Note 9(e) and below, there are no other material significant events during the financial period.

(a) Listing of ARB IOT Group Limited ("AIGL") on NASDAQ Stock Exchange in New York

On 22 February 2022, the Company announced its intention to list its internet of things ("IoT") business on the National Association of Securities Dealers Automated Quotations ("NASDAQ") Stock Exchange in New York ("Listing of Subsidiary").

The Listing of Subsidiary is subject to and conditional upon the following approvals being obtained from:

- (i) the shareholders of the Company for the Proposed Listing of Subsidiary at the extraordinary general meeting to be convened;
- (ii) the SEC for the Registration Statement on Form F-1 (prospectus);
- (iii) NASDAQ Stock Exchange for the Proposed IPO; and
- (iv) any other relevant authorities/parties' approval, if required.

The Company issued the Circular on 6 October 2022 and obtained the approval from its shareholders for the Listing of Subsidiary at the EGM held on 21 October 2022.

On 29 March 2023, NASDAQ had approved the listing of 1,250,000 Issue Shares at an issue price of USD4.00 each (or equivalent to RM17.63) on the NASDAQ Stock Exchange ("IPO"), with a total of USD5.00 million (or equivalent to RM22.03 million) gross proceeds. On 30 March 2023, a registration statement on Form F-1 was filed with SEC, which became effective on 30 March 2023.

On 4 April 2023, AIGL entered into an underwriting agreement with Maxim Group LLC to underwrite 1,250,000 Issue Shares at an issue price of USD3.72 per Issue Share (or equivalent to RM16.39) which represent a 7% discount to the IPO's Issue Price, in conjunction with the Listing of Subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

27. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)

Save as the significant events consist of the changes in composition of the Group during the period as disclosed in Note 9(e) and below, there are no other material significant events during the financial period. (Cont'd)

(a) Listing of ARB IOT Group Limited ("AIGL") on NASDAQ Stock Exchange in New York (Cont'd)

The Listing of Subsidiary has been completed on 5 April 2023 (Eastern Time) following the listing of the Issue Shares on NASDAQ Stock Exchange. A final prospectus relating to the offering has been filed with the SEC and is available on the SEC's website at <http://www.sec.gov>.

Upon completion of the Listing of Subsidiary, ARB will remain as the ultimate controlling shareholder of AIGL, with the effective equity interest of approximately 95.24% of the enlarged issued share capital of AIGL (or approximately 94.56% of the enlarged issued share capital of AIGL if the Underwriter exercise the Over-Allotment Options in full).

Note:

(1) *The exchange rate used for illustrative purposes is USD 1.00: RM 4.4450, derived from exchange rate based on Bank Negara Malaysia middle rate as at 5.00 p.m. on the 11 August 2022.*

(b) Proposed Dividend-In-Specie entails the distribution of up to 20,124,963 AIGL Shares, representing approximately 76.12% equity interest held by ARB in AIGL, to our Entitled Shareholders on the basis of 14 AIGL Shares for every 1,000 ARB Shares held by our Entitled Shareholders on the Entitlement Date ("Proposed Dividend-In-Specie")

On 17 October 2023, TA Securities announced on behalf of the Board that the Company proposed to undertake the Proposed Dividend-In-Specie.

On 27 December 2023, our shareholders approved the Proposed Dividend-In-Specie of 17,496,142 ordinary shares in AIGL, representing approximately 66.18% of the Company's equity interest in AIGL, on the basis of 14 AIGL Shares for every 1,000 ordinary share in ARB held by the Entitled Shareholders of ARB whose name appear in the record of depositors of ARB Shares as of 22 January 2024.

On 5 February 2024, the Company announced that the Distribution-In-Specie of 17,496,142 ordinary shares in AIGL, representing approximately 66.18% equity interest held by ARB in AIGL has been distributed to the Entitled Shareholders, on the basis of 14 Distributable Shares for every 1,000 ordinary shares in ARB held by the Entitled Shareholders of ARB whose name appear in the record of depositors of ARB Shares as of 22 January 2024.

Subsequent to the completion of Distribution-In-Specie, AIGL Group had ceased to be subsidiaries of the Company. The Company retained a residual equity shareholding of approximately 28.38% in AIGL, reclassified as an investment in associate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

28. FINANCIAL REPORTING STANDARDS

(a) MFRSs, Amendments to MFRSs and Interpretations adopted

The significant accounting policies adopted by the Group are consistent with those adopted in the audited financial statements of the Group for the financial period ended 30 June 2022.

(b) New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

- (i) MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023
 - MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance contracts* and Initial Application of MFRS 17 and MFRS 9 - *Comparative Information (Amendment to MFRS 17 Insurance Contracts)*
 - Amendments to MFRS 101 *Presentation of Financial Statements - Classification of Liabilities as Current or 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*
 - Amendments to MFRS 112 *Income Taxes - International Tax Reform - Pillar Two Model Rules*
- (ii) MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or 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*
- (iii) MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2025
 - Amendments to MFRS 121 *The Effect of Changes in Foreign Exchange Rates - Lack of Exchangeability*
- (iv) MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed
 - Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an investor and its Associate or Joint Venture*

The Group and the Company are in the process of assessing the impact of implementing these Amendments since the effects would only be observable for future financial year.

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

In the opinion of the Directors, the financial statements set out on pages 63 to 124 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial period then ended.

On behalf of the Board,

HONG ZI SHEN
Director

KHOR CHIN MENG
Director

Kuala Lumpur, Malaysia
19 April 2024

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

I, **HONG ZI SHEN**, being the Director primarily responsible for the financial management of **ARB BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 63 to 124 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 abovenamed at Kuala Lumpur
in the Federal Territory
on 19 April 2024

HONG ZI SHEN

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARB BERHAD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of ARB Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 July 2022 to 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 124.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 period from 1 July 2022 to 31 December 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

During our examination, we identified a matter related to the accounting treatment of a transaction involving the purchase and subsequent sale of a system to a related party. Our audit revealed that the Group has only one reseller to sell the same system to a related party for a total consideration of RM31.7 million, within short period. The Group has recorded the RM24.35 million as the cost of purchase and the RM31.7 million as sales revenue in its financial statements. Given the rapid turnaround and the significant disparity between the purchase and selling prices, it appears to be a commission agent instead of principal revenue. Consequently, the recognition of the RM24.35 million as the cost of purchase and the RM31.7 million as sales revenue does not accurately reflect the economic substance of the transaction.

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 qualified opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matter - Impairment of trade and other receivables

The Group's trade and other receivables representing 88.7% of the Group's total current assets as at 31 December 2023. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter - Impairment of trade and other receivables (Cont'd)

Our audit procedures are as follows:

- Obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.
- Assessed the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.
- Obtained confirmation.
- Reviewed the appropriateness of the disclosures made in the financial statements.

Key Audit Matter - Revenue recognition

As per the Group's revenue recognition of RM402million and corresponding costs require significant judgement exercised by the Group. There is a presumption of a risk of fraud in the area of revenue recognition in accordance with ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

Our audit procedures are as follows:

- Obtained an understanding of and tested the internal controls over the timing and amount of revenue recognised.
- Inspected the terms of significant sales transactions on sampling basis to determine the point of transfer of control and assessed whether revenue was recognised in accordance with the terms stated in the respective sales invoices.
- Inspected samples of documents which evidenced the sales of goods to customers.
- Tested the recording of sales transactions close to the year end, including credit notes issued after the year end, to establish whether the transactions were recorded in the correct accounting period.
- Interviewed with key customer and key supplier to discuss the significant transaction and understanding the substance and nature of the transactions.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, revenue and cost of sales had been misleading. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the affected by the failure to state the revenue and cost of sales.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would 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 other than all the subsidiaries of which we have not acted as auditors as disclosed in Note 9 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.

CHENGCO PLT (LLP0017004-LCA)

No. AF0886

Chartered Accountants

TAN WAE LENG

No. 02850/05/2024 J

Chartered Accountant

Kuala Lumpur

Date: 19 April 2024

STATISTICS OF ORDINARY SHAREHOLDINGS AS AT 15 APRIL 2024

Total Number of Issued Shares : 1,249,801,166
 Class of Shares : Ordinary Shares
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS (BASED ON RECORD OF DEPOSITORS AS AT 15 APRIL 2024)

SIZE OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES (%)
LESS THAN 100 SHARES	56	2,041	0.00
100 TO 1,000 SHARES	853	436,034	0.04
1,001 TO 10,000 SHARES	3,345	21,301,186	1.70
10,001 TO 100,000 SHARES	4,550	180,099,779	14.41
100,001 TO LESS THAN 5% OF ISSUED SHARES	1,261	787,503,362	63.01
5% AND ABOVE OF ISSUED SHARES	2	260,458,764	20.84
TOTAL	10,067	1,249,801,166	100.00

DIRECTORS' INTERESTS IN ORDINARY SHARES (BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 15 APRIL 2024)

No.	Name of Directors	No. of Shares held		No. of Shares held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	YUEN YA TING	-	-	-	-
2	HONG ZI SHEN	2,100,000	0.168	-	-
3	KHOR CHIN MENG	-	-	-	-
4	AIMAN AFFUDIN BIN RAMLEE	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS (BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2024)

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	DATO' SRI LIEW KOK LEONG	161,980,332	12.960	116,115,179*	9.291*
2	UKAY ONE SDN BHD	116,115,179	9.291	-	-

* Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Act

STATISTICS OF ORDINARY SHAREHOLDINGS (CONT'D)**AS AT 15 APRIL 2024****LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(BASED ON REGISTER OF DEPOSITORS AS AT 15 APRIL 2024)**

NO	SHAREHOLDER	NO OF SHARES	%
1	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW KOK LEONG	153,319,364	12.268
2	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR UKAY ONE SDN. BHD. (PB)	107,139,400	8.573
3	JAYAMAJU BARAT SDN. BHD.	40,003,571	3.201
4	SEJAHTERA BESTARI SDN. BHD.	39,000,000	3.120
5	ROBUST STARHILL SDN. BHD.	35,883,400	2.871
6	NUSANTARA SELATAN SDN. BHD.	30,429,100	2.435
7	PSSBJAYA HOLDINGS SDN. BHD.	22,418,500	1.794
8	ASPIRASI WAWASAN SDN. BHD.	18,905,400	1.513
9	CPINTERNATIONAL NETWORKING SDN. BHD.	12,999,900	1.040
10	LOH KOK WAI	12,002,600	0.960
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG	10,916,500	0.873
12	SEAH TIN KIM	10,878,200	0.870
13	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR UKAY ONE SDN. BHD. (SMART)	8,975,779	0.718
14	LIEW SOH CHAN	8,400,000	0.672
15	VICTOR LIM FUNG TUANG	7,832,642	0.627
16	SHEIKH AHMAD DARABI BIN SULAIMAN	7,600,000	0.608
17	CHAN TIANG SENG	7,500,000	0.600
18	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LIEW KOK LEONG (PB)	7,118,468	0.570
19	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR INTELLIKONNECT (MALAYSIA) SDN. BHD.	7,000,000	0.560
20	OPTIMUM MAJU SDN. BHD.	5,809,500	0.465
21	LOH KOK WAI	5,501,100	0.440
22	MAYBANK NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SAN TUAN SAM	5,390,000	0.431
23	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BIDANG BARAT SDN. BHD.	5,000,000	0.400
24	TAN MENG HOOI	4,670,714	0.374
25	YUNG BOON HONG @ YANG KOK CHING	4,500,000	0.360
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SUPREME HOME APPLIANCES SDN. BHD.	4,000,000	0.320
27	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RHR HOLDINGS SDN. BHD.	4,000,000	0.320
28	ERA CAHAYA SDN. BHD.	3,983,200	0.319
29	TEE ALEK @ TEE BEE SOON	3,786,000	0.303
30	PELANGI LANGIT SDN. BHD.	3,746,000	0.300
TOTAL		598,709,338	47.904



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth (25th) Annual General Meeting (“AGM”) of **ARB BERHAD** (“ARB” or “the Company”) will be conducted virtually through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia on Thursday, 27 June 2024 at 8:30 a.m.

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|--|
| 1. To receive the Audited Consolidated Financial Statements for the financial period ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Notes to Ordinary Business |
| 2. To approve the Directors’ fees amounting of up to RM300,000.00 and other benefits payable of up to RM300,000.00 for the period from the 25 th AGM up to the conclusion of 26 th AGM of the Company. | Ordinary Resolution 1 |
| 3. To re-elect Mr Khor Chin Meng who is retiring pursuant to Clause 105 of the Company’s Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors who are retiring pursuant to Clause 114 of the Company’s Constitution and being eligible, have offered themselves for re-election:-

(i) Yuen Ya Ting
(ii) Hong Zi Shen
(iii) Aiman Afiffudin Bin Ramlee | Ordinary Resolution 3
Ordinary Resolution 4
Ordinary Resolution 5 |
| 5. To re-appoint Messrs Chengco PLT as the Company’s Auditors and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

- | | |
|---|------------------------------|
| 6. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 | Ordinary Resolution 7 |
|---|------------------------------|

“**THAT** approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”) read together with Clause 61 of the Company’s Constitution.

THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad (“Bursa Securities”) allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued.

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company, or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 8**

"THAT, subject to the Companies Act, 2016 ("the Act"), the provisions of Constitution of the Company, the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("MMLR") ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT 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 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 of the Company 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 THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS MANDATE")** **Ordinary Resolution 9**

"THAT, subject to the provisions of the MMLR, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.1.5 of the Circular to Shareholders dated 30 April 2024 in relation to the Proposed Shareholders Mandate which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on a terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (a) the conclusion of the next AGM of the Company following the AGM at which such ordinary resolution for the Proposed Shareholders Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

- 9. To transact any other business of the Company for which due notice shall have been given.

By Order of the Board

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 202208000250)
Company Secretary

Kuala Lumpur
30 April 2024

Notes:-

1. Please refer the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders and proxies will not be allowed to attend the 25th AGM in person at the broadcast venue on the day of the meeting.
2. A member entitled to attend and vote at the general meeting is entitled to appoint proxy/ proxy(ies) to attend and vote in his/her stead.
3. Where a member appoints two (2) proxies or more, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
6. The Proxy Form must be deposited at the Share Registrar Office of the Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
7. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 25th AGM, the Company shall be requesting the Record of Depositors as at 13 June 2024. Only a depositor whose name appears on the Record of Depositors as at 13 June 2024 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

Explanatory Notes to Ordinary Business

1. Item 1 of the Agenda – Audited Financial Statements for the financial period ended 31 December 2023

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

2. Ordinary Resolution 1 – Directors' Fees and Benefits

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

The proposed Ordinary Resolution 1, if passed, will facilitate the payment of proposed Directors' fees of RM300,000.00 for the period from the 25th Annual General Meeting ("AGM") up to the conclusion of the 26th AGM of the Company to the Directors.

The benefits payable to the Directors has been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company and in accordance with the remuneration framework of the Group. The benefits comprised of meeting allowance, travelling allowance and Board Committee allowances.

The proposed benefits of RM300,000.00, if approved, will authorised the payment of Directors' benefits for the period from the 25th AGM up to the conclusion of the 26th AGM. In the event that the proposed amount is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next AGM for the shortfall.

3. Ordinary Resolutions 2 to 5 – Re-election of Directors pursuant to Clause 105 and 114 of the Company's Constitution

The profiles of the retiring Directors are set out under Profile of Directors in the Annual Report 2023. The performance of each Director who is recommended for re-election has been assessed through the Board annual evaluation and the Independent Non-Executive Directors ("INED") have provided annual declaration / confirmation of their independence. The Board of Directors ("Board") has approved the recommendations by the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election:

Description	:	Ordinary Resolution 2
Name of Director	:	Khor Chin Meng
Reason for re-election	:	Mr Khor Chin Meng has exercised due care and shown high commitment by carrying out his duties professionally during his tenure as an INED of the Company. He demonstrated his objectivity through proactive engagements during the meetings of the Board and Board Committees by sharing valuable, relevant and impartial views on issues tabled for discussion.

Description	:	Ordinary Resolution 3
Name of Director	:	Yuen Ya Ting
Reason for re-election	:	Ms Yuen Ya Ting has exercised due care and carried out her professional duty proficiently as an Independent Non-Executive Chairperson of the Company. She demonstrated objectivity and independence through her participation at the meetings by giving valuable feedbacks for Board's deliberation and decision-making process.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Description	:	Ordinary Resolution 4
Name of Director	:	Hong Zi Shen
Reason for re-election	:	Mr Hong Zi Shen possesses relevant qualification, knowledge and experience which complement the Board's competencies. He has been involved in the Group's business operation and able to provide valuable input to steer the Group forward.

Description	:	Ordinary Resolution 5
Name of Director	:	Aiman Afiffudin Bin Ramlee
Reason for re-election	:	Encik Aiman Afiffudin Bin Ramlee exercised due care and carried out his professional duty proficiently as an INED of the Company. He demonstrated his objectivity through proactive engagements during the meetings of the Board and Board Committees by sharing valuable, relevant and impartial views on issues tabled for discussion.

4. Ordinary Resolution 6 – Re-appointment of Auditors

The Audit Committee (“AC”) has carried out an assessment on the suitability and independence of the External Auditors, Messrs Chengco PLT and was satisfied with the suitability of Messrs Chengco PLT based on the quality of audit, performance, competency, and sufficiency of resources the external audit team provided to the Group.

The AC in its assessment also found Messrs Chengco PLT to be sufficiently objective and independent. The Board therefore approved the AC's recommendation on the re-appointment of Messrs Chengco PLT as External Auditors of the Company for the financial year ending 31 December 2024 be put forward for the shareholders' approval at the 25th AGM.

Explanatory Notes to Special Business

1. Ordinary Resolution 7 – Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 7, if passed, is empower the Directors to issue and allot up to an aggregate amount of not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being or such other percentage as Bursa Malaysia Securities Berhad may from time to time allowed for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company.

However, pursuant to Section 85(1) of the Act and Clause 61 of the Company's Constitution and Paragraph 7.08 of the MMLR, the New Shares will have to be offered to the existing shareholders of the Company unless there is a direction to the contrary given in the general meeting of the Company. Should the existing shareholders of the Company approve the proposed Ordinary Resolution 7, they are waiving their pre-emptive rights pursuant to Section 85(1) of the Act, which then would allow the Directors to issue New Shares to any person without having to offer the said New Shares equally to all existing shareholders of the Company prior to issuance. This will result in a dilution to the shareholding percentage of the existing shareholders of the Company.

At the 24th AGM held on 15 November 2022, the Directors of the Company has been granted a general mandate by the members of the Company to issue and allot shares in the Company not exceeding 10% of the total number of issued shares of the Company. Up to the date of Notice, the Company did not issue any new shares pursuant to this mandate obtained and accordingly no proceeds were raised.

The Board of Directors of the Company, having considered the future financial needs of the Group, is of the opinion that this 10% General Mandate is in the best interest of the Company and its shareholders. This proposed Ordinary Resolution 7, if passed will also provide flexibility to the Company for any possible fund-raising activities quickly and efficiently, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from, and cost involved in convening a General Meeting to approve such issuance of shares should be eliminated.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

2. **Ordinary Resolution 8 – Proposed Renewal of Authority for the Company to purchase its own shares (“Proposed Renewal of Share Buy-Back Authority”)**

This Ordinary Resolution 8, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the MMLR. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last AGM held on 15 November 2022. Further details are set out in the Circular to Shareholders dated 30 April 2024 in relation to the Proposed Renewal of Share Buy-Back Authority.

3. **Ordinary Resolution 9 – Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Mandate”)**

The Ordinary Resolution 9, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

For further information on this resolution, please refer to the Circular to Shareholders dated 30 April 2024 in relation to Proposed Mandate which is despatched together with the Annual Report 2023.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company

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

STATEMENT ACCOMPANYING NOTICE OF 25TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individual who are standing for election as Directors (excluding Directors for re-election)

No individual is seeking election as a Director at the 25th AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities.

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out under Explanatory Note.

This page is intentionally left blank

PROXY FORM

(Before completing this form please refer to the notes below)

**ARB BERHAD**

[Registration No. 199701033435 (448934-M)]

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

I/We (Full Name in Block Letters).....
 NRIC No./Passport No./Company Registration No.
 of
 being a member / members of ARB Berhad [Registration No. 199701033435 (448934-M)], hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		
Email		Contact No.

and / or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		
Email		Contact No.

or failing *him/ her, the Chairman of the Meeting as *my/ our proxy to attend and vote for *me/ us and on *my/ our behalf at the Twenty-Fifth (25th) Annual General Meeting of the Company to be conducted virtually through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia on Thursday, 27 June 2024 at 8:30 a.m. or at any adjournment thereof in the manner as indicate below:

Agenda	For	Against
Ordinary Resolution 1 To approve the Directors' fees amounting of up to RM300,000.00 and other benefits payable of up to RM300,000.00 for the period from the 25 th AGM up to the conclusion of 26 th AGM of the Company.		
Ordinary Resolution 2 To re-elect Mr Khor Chin Meng who is retiring pursuant to Clause 105 of the Company's Constitution and being eligible, has offered himself for re-election.		
Ordinary Resolution 3 To re-elect Ms Yuen Ya Ting who is retiring pursuant to Clause 114 of the Company's Constitution and being eligible, has offered herself for re-election.		
Ordinary Resolution 4 To re-elect Mr Hong Zi Shen who is retiring pursuant to Clause 114 of the Company's Constitution and being eligible, has offered himself for re-election.		
Ordinary Resolution 5 To re-elect Encik Aiman Afiffudin Bin Ramlee who is retiring pursuant to Clause 114 of the Company's Constitution and being eligible, has offered himself for re-election.		
Ordinary Resolution 6 To appoint Messrs Chengco PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7 Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 8 Proposed renewal of authority for the Company to purchase its own shares.		
Ordinary Resolution 9 Proposed Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his/ her discretion)

Dated this..... day of 2024



Signature:.....

(If shareholder is a corporation, this form should be executed under seal)

*strike out whichever is inapplicable

Fold this flap for sealing

Notes:-

1. Please refer the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders and proxies will not be allowed to attend the 25th AGM in person at the broadcast venue on the day of the meeting.
2. A member entitled to attend and vote at the general meeting is entitled to appoint proxy/ proxy(ies) to attend and vote in his/her stead.
3. Where a member appoints two (2) proxies or more, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
6. The Proxy Form must be deposited at the Share Registrar Office of the Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
7. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 25th AGM, the Company shall be requesting the Record of Depositors as at 13 June 2024. Only a depositor whose name appears on the Record of Depositors as at 13 June 2024 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.

Then fold here

Affix Stamp
Here

The Share Registrar of
ARB BERHAD
[Registration No. 199701033435 (448934-M)]
c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B, Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur, Wilayah Persekutuan

1st fold here

REQUEST FORM FOR PRINTED COPY OF ARB BERHAD'S ANNUAL REPORT AND CIRCULAR

To: The Share Registrar of
ARB BERHAD
c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B, Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

Please find below my complete particulars for the delivery of a printed copy of ARB's Annual Report and Circular:

Particulars of Shareholder

Name : _____

Identity Card No./Passport No./
Company Registration No. : _____

CDS Account No. : _____

Mailing Address : _____

Telephone No. : _____

Date : _____

Signature of Shareholder:

Name:

Note: By completing, signing and returning this Request Form to the Company, you hereby agree that the Company and/or its service provider may collect, obtain, store, process and disclose your personal data that you have provided in this Request Form or which is otherwise collected from you or your authorised representative, for the purpose of processing your request. The printed Annual Return and Circular will be forwarded to you within four (4) market days from the day of receipt of your request.



ARB BERHAD
199701033435 (448934-M)



Go paperless to help our environment.
Instantly access an online copy of this
Annual Report through your mobile device
by scanning this QR code.

www.arbberhad.com