

*Our Way
Forward*

Sustainability

2022 ANNUAL REPORT



HONG SENG CONSOLIDATED BERHAD

Reg No: 200101001581 (537337-M)



CORPORATE

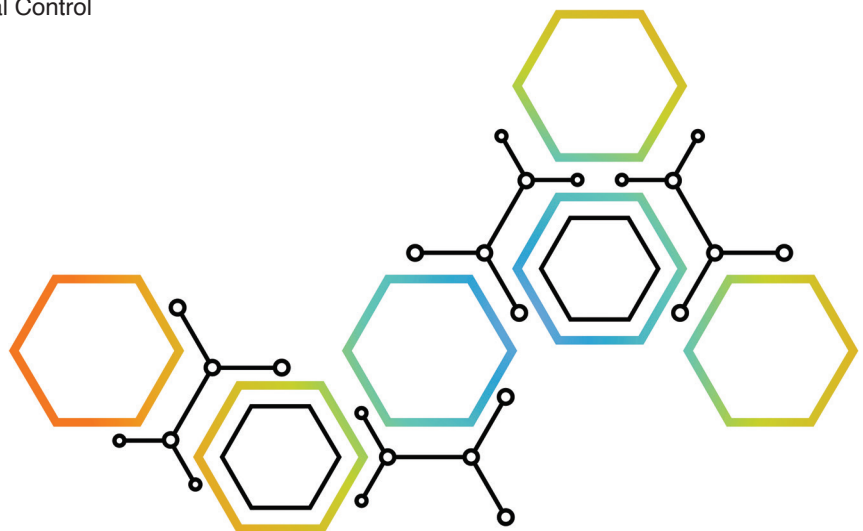
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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' MOHAMED SUFFIAN BIN AWANG

*Independent Non-Executive Chairman
(Retired and re-appointed on 25
February 2022)*

DATO' SERI TEOH HAI HIN

Group Managing Director

CHRISTOPHER CHAN HOOI GUAN

Executive Director

LESTER CHIN KENT LAKE

Executive Director

LEE LI CHAIN

*Executive Director
(Appointed on 1 September 2022)*

YAP KIEN MING

(Independent Non-Executive Director)

LEONG KAM SOON

(Independent Non-Executive Director)

NG KEOK CHAI

(Independent Non-Executive Director)

DATO' KANG CHEZ CHIANG

*(Independent Non-Executive Director)
(Appointed on 1 September 2022)*

TEOH SOON HAN

*(Alternate Director to Dato' Seri Teoh
Hai Hin)*

AUDIT COMMITTEE

Leong Kam Soon (*Chairman*)
Yap Kien Ming
Ng Keok Chai
Dato' Kang Chez Chiang

NOMINATION COMMITTEE

Yap Kien Ming (*Chairman*)
Leong Kam Soon
Dato' Kang Chez Chiang

REMUNERATION COMMITTEE

Ng Keok Chai (*Chairman*)
Yap Kien Ming
Leong Kam Soon

COMPANY SECRETARY

Tea Sor Hua (*MACS 01324*)
(*CCM PC No. 201908001272*)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81,
Jalan SS 21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan
Tel No. : 03-7725 1777
Fax No. : 03-7722 3668

PRINCIPAL PLACE OF BUSINESS

C-01-3, Block C, Plaza Glomac
No. 6, Jalan SS 7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7887 1666
Fax No. : 03-7887 1766
Website : www.hongseng.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Semangat (Jalan Prof.
Khoo Kay Kim)
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7890 4700 (Help desk)
Fax No. : 03-7890 4670

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & AF 0737)
(Member Firm of Grant Thornton
International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : 03- 2692 4022
Fax No. : 03- 2732 5119

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (M) Berhad
Public Bank Berhad
RHB Bank Berhad

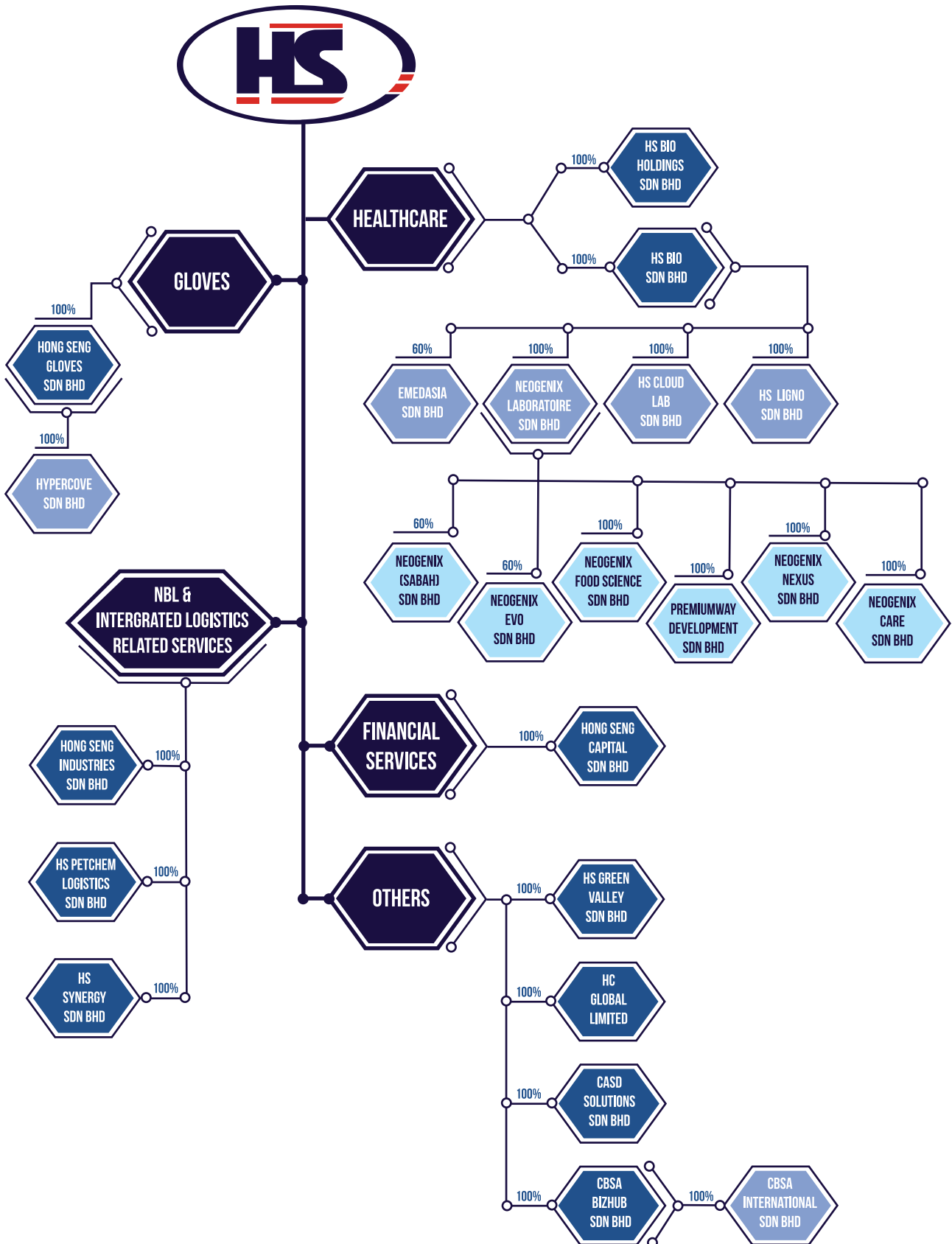
SOLICITORS

Peter Ling & Van Geyzel

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock name : HONGSENG
Stock code : 0041

CORPORATE STRUCTURE



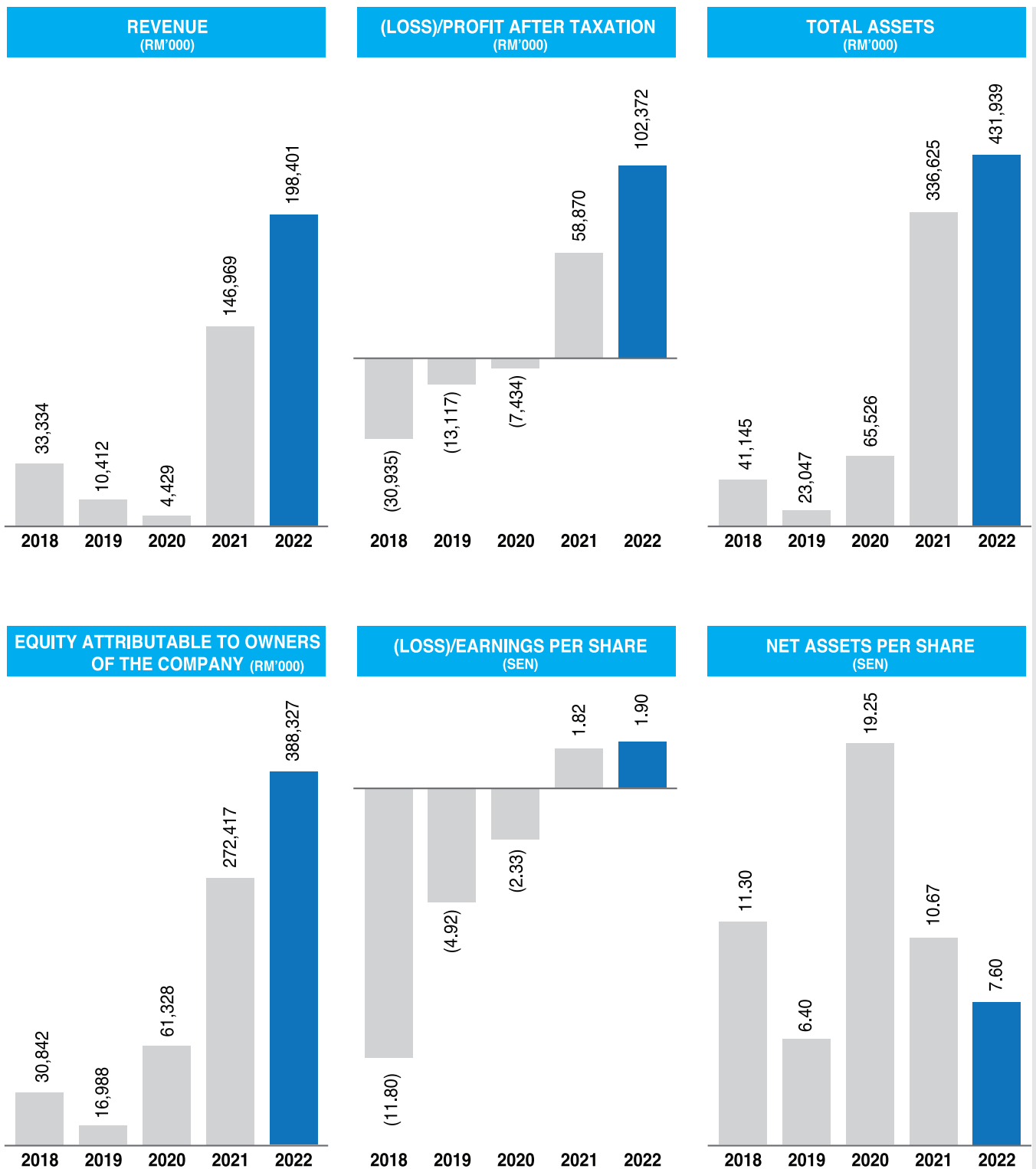
5 YEARS FINANCIAL HIGHLIGHTS

		2018 @	2019	2020	2021 #	2022
RESULTS OF OPERATION						
Revenue	RM'000	33,334	10,412	4,429	146,969	198,401
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	RM'000	(25,380)	(11,387)	(7,504)	71,095	129,389
(Loss)/Profit Before Taxation	RM'000	(29,287)	(12,624)	(7,458)	69,848	119,170
(Loss)/Profit After Taxation	RM'000	(30,935)	(13,117)	(7,434)	58,870	102,372
Net (Loss)/Profit Attributable To Equity Holders	RM'000	(30,693)	(13,072)	(7,434)	46,366	97,192
FINANCIAL POSITION						
Total Assets	RM'000	41,145	23,047	65,526	336,625	431,939
Total Borrowings	RM'000	3,294	2,164	1,949	16,199	14,543
Equity Attributable To Owners of the Company	RM'000	30,842	16,988	61,328	272,417	388,327
FINANCIAL INDICATORS						
Return On Equity	%	(100.00)	(77.00)	(12.00)	17.00	25.00
Return On Total Assets	%	(75.00)	(57.00)	(11.00)	14.00	23.00
Gearing Ratio	times	0.11	0.13	0.03	0.06	0.04
Interest Coverage Ratio	times	(79.92)	(50.84)	(46.41)	139.77	204.94
(Loss)/Earnings Per Share	sen	(11.80)	(4.92)	(2.33)	1.82	1.90
Net Assets Per Share	sen	11.30	6.40	19.25	10.67	7.60
Share Price as at The Financial Period/Year End	RM	0.26	0.24	0.06	2.42	0.33

@ 15-month period ended 31 March

18-month period ended 30 September

5 YEARS FINANCIAL HIGHLIGHTS (CONT'D)



CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors (“the Board”), it is my honour to present to you the Annual Report of Hong Seng Consolidated Berhad (“Hong Seng” or “the Company”) for the financial year ended 30 September 2022 (“FYE 2022”).

It has been an exhilarating journey for me as the Independent Non-Executive Chairman of such a diversified Group of Companies. From healthcare to glove supply chain businesses, Hong Seng has been striving to bring the best value to its stakeholders.

The past year has been challenging with the volatility in the healthcare and glove sector following the endemicity of the COVID-19 infection which has impacted our businesses in the supply of COVID-19 test kits, COVID-19 related laboratory tests and screening services, and manufacturing of nitrile gloves. Globally, the glove sector has been hit hard by the oversupply of gloves, increased competition and weakening average selling prices following the rally during the peak of the pandemic back in the years 2020-2021.

To this end, we have ramped up the strength of our healthcare offerings to tap into general health, genetics tests, cold chain logistics, etc to overcome the dampening demand in COVID-19 related products and services.

Amidst the glitches and hitches, I am still proud to say that Hong Seng and its subsidiaries (“the Group”) has performed well with profits of approximately RM97.19 million generated for the FYE 2022 which was mainly contributed by the Healthcare Segment and gain on disposal of subsidiaries.

OUR WAY FORWARD: SUSTAINABILITY

Notwithstanding the economic volatility towards the recovery phase, we are hopeful that the situation is temporary and not reflective of the healthcare, financial and glove businesses or the industries’ true potential, both of which remain promising in the longer term. We are mindful that a period of adjustment is to be expected after each pandemic.

Having said that, be rest assured that the Board and the Management of the Company are proactively taking on new ways of doing business by taking into consideration of the rapid transformation in the various industries whilst we will continue our efforts to achieve operational excellence and sustainability for all our existing businesses. The Group will also continue to make use of its extensive network in the industry to secure more business collaborations and investors participation to support the vision.

I would also like to briefly update you on our upcoming venture in battery manufacturing for electric vehicles (“EV”). Hong Seng had recently entered into a Memorandum of Understanding (“MoU”) with EoCell Inc. (“EoCell”) to develop a regional manufacturing hub in Malaysia to manufacture batteries for EV and progress to energy storage solutions which will eventually be supplied to EV manufacturers, assemblers and users in the Southeast Asian region.

EoCell, based in Silicon Valley, USA is a next generation battery technology company with a world-class team of battery experts. EoCell engineers have been key contributors to the design and manufacturing of plug-in hybrid electric vehicles and EV batteries for prestigious brands such as BMW, Volkswagen, Audi, Porsche, and Daimler. They are truly pioneers in the electrification movement, and we look forward to working with them to design and develop world-class EV battery to be produced in our factory.

CHAIRMAN'S STATEMENT (CONT'D)

OUR WAY FORWARD: SUSTAINABILITY (CONT'D)

The Group had also identified Seremban, Negeri Sembilan as a suitable location for Malaysia Green Valley ("MGV"), a green industrial park project in which the EV battery manufacturing plant will be the pioneer investor. In order to materialise the project, we have issued a Letter of Intent ("LOI") to Invest NS in exploring the possibilities to form a strategic partnership for the development of 5 parcels of leasehold land in Seremban, Negeri Sembilan measuring approximately 284.75 acres into MGV.

MGV is envisioned to be a green industrial park designed for research and development, and manufacture cost effective and sustainable renewable energy products and the related supply chain businesses. MGV will be a centre of excellence in building a green value chain in the Southeast Asia to strengthen the clean energy value chain across the upstream, midstream and downstream segments in the Southeast Asia which will enable and spur the local small and medium-sized enterprises to be more competitive.

With these exciting plans in the pipeline, the growth prospects for the Group remains optimistic when taking into account the encouraging forecasts for the global and regional healthcare, EV as well as the local financial industry. Stable and progressive growth in revenues and earnings in the future will be our Board's priorities. The Board will continue to strive to create and enhance value for its stakeholders with new business strategies with sustainability to be our way forward.

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank my fellow Board members, our Management and employees for their relentless dedication, excellent teamwork and coordinated response in addressing the ups and downs of the Group in the past year. Each and every one of them demonstrated varying qualities of commitment, passion and perseverance in adapting to the multitude of changes triggered by the market sentiments to ensure business continuity. I am convinced that Hong Seng will see a brighter prospect ahead and together, we will achieve our shared goal as we leverage our collective forces.

I would also like to welcome both Ms. Lee Li Chain for her appointment as our Executive Director and Dato' Kang Chez Chiang for his appointment as our Independent Non-Executive Director which took effect on 1 September 2022.

The financial year under review also saw the resignation of Dato' Seri Dr. Chen Chaw Min, Mr. Jeff Chong Koon Meng and Mr. Kenny Khoo Chuan Wah from the Board on 14 December 2021, 31 December 2021 and 14 March 2022 respectively. On behalf of the Board, I would like to express our utmost appreciation for their invaluable contribution to the Group.

My appreciation also goes to the shareholders, customers, suppliers, business associates, financial institutions, consultancies and other stakeholders for your loyal and continued support.

Dato' Mohamed Suffian Bin Awang
Independent Non-Executive Chairman



PROFILE OF THE BOARD OF DIRECTORS



DATO' MOHAMED SUFFIAN BIN AWANG
Independent Non-Executive Chairman

Malaysian / 52 / Male

Date Appointed to the Board
25 February 2022

Attendance at Board meetings held during the
financial year ended 30 September 2022
3/3

Dato' Mohamed Suffian Bin Awang obtained his Diploma in Public Administration and Bachelor of Law Degree from the Universiti Teknologi Mara Shah Alam in 1992 and 1996 respectively. He has 14 years of legal practice and 6 years of civil service working experience.

Currently, Dato' Suffian is also the Independent Non-Executive Chairman of PECCA Group Berhad, a position he held since 2015 and the Chairman of the Maritime Institute of Malaysia (MIMA). He also sits on the board of Medical Device Authority Malaysia under the Ministry of Health and Koperasi Permodalan Sukarelawan Kuala Lumpur Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

DATO' SERI TEOH HAI HIN

Group Managing Director

Malaysian / 64 / Male

Date Appointed to the Board
5 August 2020Attendance at Board meetings held during the
financial year ended 30 September 2022
5/5

Dato' Seri Teoh Hai Hin completed his high school education at Han Chiang High School, Penang in 1977.

Dato' Seri Teoh started his business in 1978 from a small workshop selling engines, spare parts, genset, marine engines, used and rebuilt commercial trucks and others. In the year 2010, his private Hong Seng Group of Companies ("HSG") has been venturing and diversifying their businesses aggressively as the main sole distributors of the New China Brand Automobile Commercial Trucks including Heavy and Light Trucks, Agricultural and Construction Heavy Machineries. Under his stewardship, Dato' Seri Teoh expanded and transformed Hong Seng business into a business conglomerate as the Group's businesses also include assets management, property development and construction.

He is currently the Group Managing Director of Hong Seng Consolidated Berhad ("Hong Seng" or "the Company") and its subsidiaries ("Hong Seng Group" or "the Group"). He is responsible for overseeing the Group's operations and has been instrumental in the growth and development of Hong Seng Group.

Dato' Seri Teoh has also been appointed as the Honorary Secretary to the Commercial Vehicles Rebuilders Association Malaysia since 2008. He is also actively involved in social work and is the Financial Chairman of The Blessed Virgin Mary Church in Butterworth, Penang and as a philanthropist, he donates to various charities.

Dato' Seri Teoh was awarded the "2010 Golden Bull Award" by the organising committee and was the 7th place winner in the "Super Golden Bull" category in Malaysia. In addition, he was also awarded "Kwong Wah Yit Poh Centennial Award in 2010" and the winner of the "Dr Sun Yat Sen Enterprise Excellent Award".

Dato' Seri Teoh is a major shareholder of the Company and the father of Ms. Teoh Soon Han who also sits on the Board as his alternate director. He does not hold any directorship in other public companies and listed issuers but holds directorships in several private limited companies.

Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



LESTER CHIN KENT LAKE

Executive Director

Malaysian / 38 / Male

Date Appointed to the Board
11 February 2021

Attendance at Board meetings held during the
financial year ended 30 September 2022
5/5

Mr. Lester Chin Kent Lake started his career in the equity research and corporate finance industry as a Management Associate at RHB Investment Bank where he was promoted to Assistant Manager within two (2) years. During his stint as the Assistant Manager, he was responsible for ensuring the timely preparation of all relevant documents and assisting in reviewing documents to ensure high professional quality is maintained while providing support in initial public offers, merger and acquisition, disposal and other corporate transactions and others.

Then in 2011, he was appointed as an Equity and Technical Research Analyst at RHB Research Institute and has experience dealing with both institutional and retail clients. His coverage includes the rubber glove and healthcare companies as well as technical analysis.

Subsequently, he joined UOB Kay Hian as the Head of Retail Research/ Senior Analyst from 2013 until 2017. He was tasked to conduct detailed equity research, including analysing and forecasting industry trends and articulating recommendations on sectors and stocks in designated segments, overseeing production and coordination of retail research reports and events, overseeing educational seminars and presentations for retail investors, active monitoring of the micro and macro factors affecting the sectors and companies under coverage, etc.

Lester left UOB Kay Hian in October 2020 as the Associate Director of Equity Capital Markets, a position he held since 2017 whereby he was responsible to oversee equity underwriting and placement activities of the company, accessing requirements, examining strategies, and proposing solutions for the capital raising needs of corporate clientele, conduct roadshows and presentations to enhance and improve issuers access to capital markets among others.

With more than twelve (12) years of experience in the finance industry, he is currently in the midst of establishing his own business.

Lester is a major shareholder of the Company. He does not hold any directorship in other public companies and listed issuers but holds directorships in several private limited companies.

He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

CHRISTOPHER CHAN HOOI GUAN**Executive Director**

Malaysian / 56 / Male

Date Appointed to the Board

16 March 2021

Attendance at Board meetings held during the financial year ended 30 September 2022

5/5

Mr. Christopher Chan Hooi Guan graduated from the University of Central Arkansas, United States of America, with a Bachelor of Music (Piano) degree in 1993. Then, he served Acxiom Corporation in the United States of America as a business consultant before subsequently coming back to Malaysia in 1996.

Next, Chris started his own company and eventually expanded the business into a public listed company known as The Media Shoppe Berhad. With more than twenty-five (25) years of experience in the IT industry, Chris was involved in the overall management of the said listed company and helped to develop the strategic direction of the said listed company group. His responsibilities included fund raising exercises, managing the initial public offering process, acquiring new companies, making strategic investments as well as developing new local and global business partnerships. Eventually, Chris retired as its Group Chief Executive Officer in 2015.


Chris is also a Director and a substantial shareholder of TMS Software Sdn. Bhd. and Open Dynamics Sdn. Bhd. He also is a co-founder and shareholder of Joget Inc., another software company based in the United States of America where he was its substantial shareholder until 2020.

In 2001, Chris won the PIKOM-Computimes ICT Award for ICT Entrepreneur of the Year. He was also the finalist at the 2004 Ernst and Young ICT Entrepreneur of the Year Award. He was the President of the Technopreneurs Association of Malaysia (TeAM) between 2003 and 2005. Chris had served as the industry representative on Cradle (a venture capital agency under the Ministry of Science and Technology) between 2017 and 2020. He is a member of the Industry Advisory Board of Help University College.

Chris is a substantial shareholder of the Company. He does not hold any directorship in other public companies and listed issuers but holds directorships in several private limited companies.

He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



LEE LI CHAIN
Executive Director
Malaysian / 48 / Female

Date Appointed to the Board
1 September 2022

Attendance at Board meetings held during the financial year ended 30 September 2022
N/A

Ms. Lee Li Chain graduated from the Tunku Abdul Rahman College with an Advanced Diploma in Commerce (Financial Accounting) in 1999. She is a Chartered Accountant with the Malaysian Institute of Accountants and a member of the Association of Chartered Certified Accountants.

She started her career in 2000 as a tax assistant in a medium-sized tax firm. During her tenure in tax, she was in charge of ensuring tax compliance by individuals, medium to large private companies and public listed companies. She also advised her clients on structuring their operations in a more tax efficient way. She also assisted in special assignments on an ad-hoc basis.

Ms. Lee joined a medium-sized audit firm in 2001 and left in 2010 as its Senior Manager. She was responsible for the planning and reviewing of the audits of public listed companies, private limited companies and foreign owned entities involved in a wide range of industries. She also led special assignments such as reporting accountants' work in initial public offerings and financial due diligence reviews.

She then joined a joint venture company between a Malaysian Government-Linked Company (GLC) and a Middle East company in 2011 as its Group Finance Manager, and subsequently a Malaysian public listed company as its Senior Group Finance Manager.

Prior to her appointment as an Executive Director of Hong Seng Consolidated Berhad, she was the Finance Director/Executive Director of a listed company in ACE Market where she led the finance team and oversees the financial aspects of the said listed company. She is also a Director of Harvest Miracle Capital Berhad (formerly known as Vortex Consolidated Berhad).

She does not have any family relationship with any director and/or major shareholder of the Company. Neither she has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on her by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

YAP KIEN MING

Independent Non-Executive Director
Audit Committee (Member)
Nomination Committee (Chairman)
Remuneration Committee (Member)

Malaysian / 58 / Male

Date Appointed to the Board
19 September 2018

Attendance at Board meetings held during the
 financial year ended 30 September 2022
5/5



Mr. Yap Kien Ming graduated with a Bachelor Degree of Arts in Economics and Marketing from the University of Brock, Canada.

He began his career as a Strategic Management Executive with Kein Hing Industries Sdn. Bhd. During his five (5) years' tenure, he had started and headed the Purchasing Department. In addition, Mr. Yap had also put in place a stock system besides heading the Purchasing Department. He was also responsible for an integrated stamping, machining and surface grinding line and Sales and Marketing with clients that included Sanden, Sharp, Nippondenso, Matsushita, Clipsal and PDL Switch Gear Manufacturers. He was also responsible for a Licensed Manufacturing Warehouse, a joint venture between three (3) Japanese manufacturers, namely Tomen, Matsushita, Meiwa and Kein Hing Industries Sdn. Bhd.

Subsequently, he joined Polychem Sdn. Bhd. as its Regional Product Manager which is a manufacturers agent for hand tools, cutting tools and non-ferrous materials from the United Kingdom, Europe and Australia, where he had served a wide range of industries from automotive, mould and die, oil and gas and electrical, electronics manufacturers.

In the last decade, he was appointed as the Regional Sales Manager for Garryson (now under ATA Tools.), and responsible for the Sales and Marketing for China, Indonesia, Malaysia, Singapore and Thailand. During his tenure, he was involved in Business Development, Sales and Distribution channels, Technical Training and Support to dealers around the region.

Mr. Yap has vast experience in Technical Sales and Cross Cultural marketing in Asia and his primary focus was in the oil and gas, aerospace and shipping industry and is now the Director in Takaso Trading Sdn. Bhd.

Mr. Yap does not hold any directorship in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



NG KEOK CHAI

Independent Non-Executive Director
Audit Committee (Member)
Remuneration Committee (Chairman)

Malaysian / 64 / Male

Date Appointed to the Board
14 November 2019

Attendance at Board meetings held during the
financial year ended 30 September 2022
5/5

Tuan Ng Keok Chai holds a degree in Bachelor of Laws (Hons.) from the University of Wolverhampton, London, in 1996 while he was still in service with the Sarawak Police Contingent, Royal Malaysia Police. In 1998, he obtained his Certificate in Legal Practice issued by the Legal Profession Qualifying Board.

His early career started when he was recruited as a Police Inspector with the Royal Malaysia Police in 1982. He was then posted to serve in Sarawak and was promoted to Assistant Superintendent of Police. During his posting in Sarawak, he served in the Criminal Investigation Department, General Duty, and Police Field Force.

In 2003, Tuan Ng was transferred to Selangor Police Contingent Headquarters. He was promoted to Deputy Superintendent of Police in 2005 and served in the Commercial Crimes Investigation Department of Selangor Police Contingent Headquarters. He was then promoted to Superintendent of Police and was later transferred to Johor Police Contingent Headquarters as Deputy Head of the Commercial Crimes Investigation Department in 2014. Later in the same year, he was posted to the Commercial Crimes Investigation Department, Royal Malaysia Police Bukit Aman, as an Assistant Director in the Forensic Accounting Investigation Division.

He was promoted to Assistant Commissioner of Police in 2016, and his last held post as Principal Assistant Director in Forensic Accounting Investigation Division, Commercial Crimes Investigation Department, Royal Malaysia Police Bukit Aman.

Throughout his thirty-six (36) years of service in the Royal Malaysia Police, Tuan Ng was very much involved in police investigations due to his legal background. He specialises in criminal investigation across various fields, including commercial crime, general crime, and forensic accounting, with comprehensive management and special operations experience.

Currently, Tuan Ng is an Independent Non-Executive Director of Ingenieur Gudang Berhad (formerly known as Dynaciate Group Berhad), CSH Alliance Berhad and Green Packet Berhad. He is also the Executive Chairman of Classita Holdings Berhad (formerly known as Caely Holdings Bhd.).

He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

LEONG KAM SOON

Independent Non-Executive Director
Audit Committee (Chairman)
Nomination Committee (Member)
Remuneration Committee (Member)

Malaysian / 65 / Male

Date Appointed to the Board
26 August 2021

Attendance at Board meetings held during the
financial year ended 30 September 2022
5/5



Mr. Leong Kam Soon is a Fellow member of both the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants. He is also a member of the Malaysian Institute of Accountants.

Mr. Leong was the Deputy Director of Finance of Stamford College Berhad from 2001 before being promoted as the Chief Financial Officer in October 2007. He held the position till September 2014 having served in Stamford College Berhad for well over thirteen (13) years before deciding to pursue a career as a freelance Financial Consultant. He has retired since 2020.

Prior to joining Stamford College Berhad, he worked as a Finance Manager for a multi-national company specialising in the manufacture of packaging material for beverages and was posted to the People's Republic of China ("PRC") for seven (7) years. He returned to Malaysia in July 2001 and joined Stamford College Berhad on 20 August 2001 as its Deputy Director of Finance. Prior to the PRC employment, he was the accountant for a subsidiary of a listed plantation group for three (3) years.

Mr. Leong does not hold any directorship in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

**DATO' KANG CHEZ CHIANG**

Independent Non-Executive Director
Audit Committee (Member)
Nomination Committee (Member)

Malaysian / 65 / Male

Date Appointed to the Board
1 September 2022

Attendance at Board meetings held during the
 financial year ended 30 September 2022
N/A

Dato' Kang Chez Chiang graduated with a Diploma in Police Science from the University of Kebangsaan Malaysia. He is a retired Deputy Commissioner of Police of the Royal Malaysia Police where he had served the Police Force for 39 years and 6 months.

He joined the Royal Malaysia Police in 1979 and served under General Operation Force Department and Narcotics Crime Investigation Department ("NCID"). He has held several posts in NCID, among those are Head of the Intelligence Section, Head of Narcotics Crime Investigation Department Kuala Lumpur Police Contingent, Principal Assistant Director of Intelligence and Operations, Deputy Director of Intelligence and Operations.

Dato' Kang's experience in intelligence investigation, human management and operational skills in the field of NCID works has enabled him to act at an advisory level on drug matters to Police Directors.

Dato' Kang is also a Director of Classita Holdings Berhad (formerly known as Caely Holdings Bhd.). He does not have any family relationship with any director and/or major shareholder of the Company. Neither he has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

TEOH SOON HAN

Alternate Director to Dato' Seri Teoh Hai Hin

Malaysian / 38 / Female

Date Appointed to the Board

19 October 2020

Attendance at Board meetings held during the financial year ended 30 September 2022

N/A

Ms. Teoh Soon Han graduated from the Haworth College of Business, the Western Michigan University of the United States of America with a degree in Bachelor of Business Administration (BBA) in 2008.

She worked as a Personal Assistant cum Research Assistant to a professor in the Universiti Sains Malaysia for more than a year in 2009 prior to joining HSG as a Finance Executive and Administrator in 2010. Her roles and responsibilities were to manage the daily transactions, banking activities and invoicing and providing overall support to the daily operations of the company.

Ms. Teoh was first appointed to the Board as an Executive Director on 5 August 2020 and resigned on 19 October 2020. Subsequently, she was re-appointed as the Alternate Director to his father, Dato' Seri Teoh Hai Hin on the same date.

Presently, Ms. Teoh is the Head of Treasury of HSG, a position she has held since 2015 whereby she is responsible to oversee the businesses and financial aspects of the companies under HSG. She also ensures compliance with internal controls, policies and procedures while developing and monitoring treasury operational policies for HSG.

In addition, she is also a Member of The International Honor Society Beta Gamma Sigma since 2008 and a Member of The Honor Society of Phi Kappa Phi since 2007.

Ms. Teoh is the daughter of Dato' Seri Teoh who is the Group Managing Director and a major shareholder of the Company. Neither she has any conflict of interest with the Company nor convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed on her by the relevant regulatory bodies during the financial year ended 30 September 2022.

PROFILE OF KEY MANAGEMENT PERSONNEL

1 DATO' SERI TEOH HAI HIN
Group Managing Director

3 CHRISTOPHER CHAN HOOI GUAN
Executive Director

2 LESTER CHIN KENT LAKE
Executive Director

4 LEE LI CHAIN
Executive Director



The profiles of the Key Management Personnel are set out in the Profile of the Board of Directors on pages 8 to 17 of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURES

GROUP'S BUSINESS AND OPERATIONS OVERVIEW

Hong Seng Consolidated Berhad ("Hong Seng" or "the Company") and its subsidiaries ("the Group") are principally engaged in the business of healthcare, financial services and glove manufacturing amongst others mainly through the provisioning of a digital healthcare platform; diagnostics and health screening laboratory services; healthcare logistics solutions; moneylending facilities; and nitrile glove manufacturing and trading.

Currently, there is a total of eight (8) units of Nitrile Butadiene Rubber ("NBR") double former glove dipping production lines in operation at Sungai Petani, Kedah. However, due to the expectation of a weaker global climate, the Group is in the midst of reassessing its plans and strategies in glove manufacturing, Nitrile Butadiene Latex ("NBL") manufacturing and integrated logistics services businesses with the intention to focus on the healthcare segment which is the current profit generating business of the Group.

Since the nation has now transitioned into the endemic phase of COVID-19, the Group's healthcare arm has begun to expand its healthcare business to provide post-pandemic general healthcare related products and services such as genomics and biochemistry screening as well as distribution of other healthcare and pharmaceutical products.

As a strategic move to further mitigate the risks above, the Group has also recently ventured into the electric vehicles' batteries manufacturing business with an internationally renowned partner, EoCell Inc USA ("EoCell") to tap into the booming batteries and green technology market. According to a report by Allied Market Research, the rechargeable battery market is expected to reach USD150.0 billion globally by the year 2030 at a Compound Annual Growth Rate ("CAGR") of 5.3%. In addition to that, the Group has also recently signed a Letter of Intent with INVEST NS on the possibility of a strategic partnership in developing a piece of industrial land in Seremban, Negeri Sembilan into Malaysia Green Valley ("MGV"), a green industrial park designed for research and development, and manufacture cost effective and sustainable renewable energy products and the related supply chain businesses. The Group intends to set up a regional EV batteries manufacturing hub with EoCell in MGV, should the development of MGV and the EV batteries project materialise.

FINANCIAL RESULTS HIGHLIGHTS

While Hong Seng has witnessed normalising revenue post-pandemic, the Group managed to hit a total revenue of RM198.40 million for the financial year ended 30 September 2022 ("FYE 2022") mainly contributed by the healthcare segment on supplying of COVID-19 PCR test kits, medical supplies and providing laboratories services for COVID-19 PCR tests.

Due to the change of financial year end of the Group from 31 March to 30 September 2021 with a 18-month financial period, there is no comparative financial information available for the FYE 2022. Overall, the Group recorded a profit before taxation ("PBT") of RM119.17 million and a profit after tax attributable to the owners of the Company of RM97.19 million for the FYE 2022.

In the meantime, the Group also incurred operating expenses of RM27.60 million which consist of selling and distribution expenses, administration expenses, other expenses and finance costs.

The non-current assets of the Group as at 30 September 2022 stood at RM151.63 million in comparison to RM98.95 million as at 30 September 2021, representing an increase of 53.24%. The increase was mainly due to the capitalisation of 8 units of NBR double former glove dipping production lines in Sungai Petani under Hong Seng Gloves Sdn. Bhd. for its glove manufacturing business and the acquisition of properties located at Section 51, Petaling Jaya through the acquisition of a subsidiary company, Premiumway Development Sdn. Bhd., during the FYE 2022.

Other than that, the Group's current assets showed a slight increase of 17.94% to RM280.31 million for the FYE 2022 as opposed to RM237.67 million recorded in the financial period ended 30 September 2021 ("FPE 2021"). The increase was mainly attributable to the higher trade receivables of RM166.23 million, out of which approximately RM144.87 million were loan receivables as well as higher inventories for the gloves segment of RM21.29 million.

As for the Group's non-current liabilities, it is now higher at RM13.81 million from RM0.63 million due to the bank borrowings of RM12.32 million and deferred tax liabilities of RM0.93 million. Next, the Group has lowered its current liabilities to RM27.01 million for the FYE 2022 from RM41.69 million recorded in the FPE 2021 with a reduction of short-term bank borrowings to RM1.29 million.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURES (CONT'D)

SEGMENTAL RESULTS HIGHLIGHTS

The Group's core business, the healthcare division contributed approximately RM157.58 million and RM103.92 million in revenue and PBT respectively. The revenue and profits are predominantly contributed by the sales of COVID-19 PCR test kits and medical supplies; and providing laboratory services for health screening and COVID-19 PCR tests.

Moving on, the Group's glove manufacturing business based in Kedah has recorded a revenue of RM36.72 million and a PBT of RM3.12 million which were derived from the sales of the gloves following the commencement of the glove business since the end of the year 2021.

Subsequently, the Group's financial services segment which provides moneylending facilities through its wholly-owned subsidiary company, Hong Seng Capital Sdn. Bhd., generated a total revenue of RM4.22 million in the current financial year. However, the segment recorded a loss before taxation of RM1.77 million mainly due to impairment losses on the trade receivables of RM5.61 million provided during the FYE 2022. The moneylending business has extended RM150.58 million of loans to third party corporate loan debtors and individual loan debtors in the ordinary course of its business as a licensed money lender in the FYE 2022.

The Group's others business segment, mainly comprises investment holding, has reported a dividend income of RM74.66 million, out of which RM62 million received from healthcare segment and RM12.66 generated from its own segment. By excluding the effects of intra and inter segments transactions, this segment has recorded a PBT of RM13.92 million mainly from the gain on disposal and derecognition of subsidiary companies.

OPERATIONS REVIEW

Healthcare Business

At present, the Group's healthcare business is expanding into the general health screening market mainly through our subsidiary companies, Neogenix Laboratoire Sdn. Bhd. ("Neogenix Lab"), eMedAsia Sdn. Bhd. ("eMedAsia") and HS Cloud Lab Sdn. Bhd. ("Cloud Lab") which are providing laboratory diagnostic services, digital healthcare platform solutions and smart healthcare logistics services respectively.

Malaysia's diagnostic labs market stood at USD 1.01 billion in the year 2021 and is expected to reach a CAGR of 7.89% during the forecast period of the years 2023 to 2027 based on a report by TechSci Research published in July 2022. The rise in non-communicable diseases ("NCDs") such as heart disease, cancer, chronic respiratory disease, and diabetes which are the leading causes of death worldwide is increasing the demand for regular check-ups and multiple tests. In Malaysia, the prevalence of NCDs has increased during the last two decades.

According to Novartis Malaysia, NCDs are responsible for 74% of all fatalities in Malaysia. In addition to the contagious COVID-19, people with NCDs are more likely to experience additional consequences that can dramatically deteriorate their health. As such, the growing aging population and the rise of NCDs in the country will lead to more visits to diagnostic centers for disease diagnosis before hospitalisation, enhancing the growth of the Malaysia diagnostic labs market.

The expanding interest in genetic testing also drives the market. Genetic testing helps patients make significant choices in the treatment or early discovery of genetic problems. The high occurrence rate of irresistible illnesses in Malaysia, as well as developing attention to the significance of early diagnosis and accuracy in test analysis, is expanding the patients' visits to diagnostic laboratories for testing.

Meanwhile, the Digital Health Report 2022 by Statista which was recently updated in August 2022 highlighted that the revenue in the Digital Health market is projected to reach USD 170.20 billion in the year 2023. The Digital Health market encompasses a broad scope of technologies that range from mobile health apps to connected wearable devices to telemedicine. The ubiquitous use of the internet and smartphones along with the shifting tendency towards healthier lifestyles and increased well-being have sparked significant growth in this market. The COVID-19 pandemic has positively accelerated growth in the Digital Health market by making healthcare and self-monitoring of health conditions more accessible to the public.

The Statista report also added that the Digital Health market revenue is expected to show a CAGR of 11.15% between the years 2022 and 2027, resulting in a projected market volume of USD 759.20 million by the year 2027. The average revenue per user is expected to amount to USD 25.00.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURES (CONT'D)

OPERATIONS REVIEW (CONT'D)

Healthcare Business (Cont'd)

The management is well-aware that we can no longer rely on COVID-19 related services as this segment is experiencing a normalising downtrend at the back of the lower infection rate. Therefore, the Group intends to overcome this by tapping into the growing demand of the public's needs in the general health screening segment by providing integrated solutions from a digital health platform connecting consumer and health practitioners and e-marketplace through eMedAsia, a customisable cold chain solution that ensures a safe, secured and seamless end-to-end delivery experience both from a technology and physical asset perspective through Cloud Lab and a wide-ranging laboratory diagnostics services including genetics and molecular tests through Neogenix Lab.

Furthermore, the Group is also actively seeking strategic partners to enhance its healthcare arm by elevating the offerings and services of its digital healthcare platform. Recently, Green Packet Berhad ("GPB"), a global technology company which designs and produces wireless devices, develops user-centric communication and digital applications and provide other innovative digital services has taken interest and invested 20% equity interest in eMedAsia Sdn. Bhd. ("eMedAsia"), a 60% owned subsidiary of the Group, to participate in the opportunities presented in the digital healthcare segment.

With GPB's investment in eMedAsia, the Group will be able to leverage GPB's expertise in digital solutions such as e-wallet solutions, payment gateways and e-Know Your Customer solutions. This will bring new insights and technological developments to improve eMedAsia's digital healthcare platform and in turn contribute positively to eMedAsia's future earnings.

Gloves Manufacturing Business

The Malaysian Rubber Gloves Manufacturers Association ("MARGMA") forecasted the global annual glove demand to grow between 12% and 15% for the year 2023 and that rubber gloves will continue to be profitable considering normal conditions with its annual global demand growth of about 15%.

Though the glove manufacturing business generated some revenue during the financial year under review, the Group's order book is still not up to its ideal uptake yet as the glove Average Selling Prices ("ASPs") have been on a declining trend since the middle of 2021, leading to subsequent poor performance. Not to mention, the oversupply situation in the industry is unlikely to reach equilibrium any time soon and the Group expects competition to remain stiff in the first half of 2023.



Nonetheless, the Group will continue to strengthen its marketing and sales efforts in order to increase its customers and market base to ensure the optimum uptake of the production capacity while adopting a lean management principle while banking on the global glove demand growth which is still positive as predicted by MARGMA.

Financial Services Business

Hong Seng's financial services business which focuses on providing moneylending facilities to third-party corporate and individual customers has been witnessing expansion in its loan base following the demand for flexible credit schemes.

This is in line with the recent survey of Small and Medium Enterprises in Asia-Pacific conducted by US-based data analytics firm FICO, where it found that 44% of respondents in Malaysia were interested in taking up new borrowing products in the year 2022, while 43% were considering alternative or non-traditional lenders. The growth prospects of the lending market in Malaysia, particularly in the alternative lending market are therefore encouraging due to the strict lending requirements imposed by licensed financial institutions.

In view of the above, the Group foresees further growth opportunities for its moneylending business, especially with the hike in the Overnight Policy Rate in the second half of the year 2022.

Other Businesses

While the Group's decision to dispose of PanPages is timely and wise resulting in an immediate gain on disposal, the NBL manufacturing and integrated logistics services businesses are facing challenges in view of the weak ASPs and demand post-pandemic. As such, the Group is working to restructure and re-strategise its business plans to mitigate further business and financial risks.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURES (CONT'D)

RISK MANAGEMENT

As the Group's businesses involved foreign export and trades, the fluctuation in foreign exchange and rubber commodity prices may affect the Group's margin and profitability from the product sales and the purchases of raw materials particularly the glove segment. The Group also ensures that the cost of raw materials is fixed at a certain price for a period of time with the suppliers to mitigate the commodity price risks.

Same with any businesses, the Group also faces intense competition from existing competitors and new entrants. These competitions may impact the Group's market share, revenue, and profitability. The Group's ability to compete depends on many factors, amongst others, the principal elements of competition include quality, innovation in products and technologies, expertise, pricing, reliability, reputation, brand name, and customer service. Although, there can be no assurance that the Group would be able to sustain its competitiveness against current and future competitors, the Board and the management are constantly devising strategies and plans to mitigate the impact of the competition on our businesses through various initiatives such as sales and marketing efforts, partnerships and government's support or endorsement.

Other than that, the Group is continually in pursuit of potential business ventures and opportunities to increase our income streams. Nevertheless, the Group has exercised due care in considering the potential risks and benefits associated with such investments and believes that the investment will be valued accretive to the Group.

It is inevitable whereby delays in any project completion can be contributed by the unforeseen circumstances such as natural disasters, shortage of manufacturing materials, adverse weather conditions, major labour disputes, and etc, which may consequently result in cost overruns that affect the Group's profitability and cash flow. The Group is seeking to curb this risk by careful planning, close monitoring of the manufacturing progress and implementing cautious supply chain management of its business operations.



Moreover, as the Group's businesses are principally in the health, financial and glove manufacturing businesses, it is also exposed to some licensing and governing risks. In the event the Group fails to comply with all applicable regulations, to renew or retain any of these licenses, permits or certificates, it will directly distress the business operations. Nevertheless, the Group will use its best endeavors to obtain and retain those licenses and ensure full compliance with the requirements for obtaining such licenses.

Last but not least, the prospect and profitability level of the Group's healthcare supply chain, financial services and manufacturing business operations could indirectly be affected by the changes in the economic, political and regulatory environment of Malaysia. In order to reduce these risks, the Group will constantly review its business operations to adapt to the prevailing economic, political, regulatory environment, practice prudent financial risk management, and efficient operating procedures to control its business operating cost.

DIVIDEND POLICY

The Board has not adopted a dividend policy. The Board does not recommend any payment of dividend for the FYE 2022.

SUSTAINABILITY STATEMENT

This Sustainability Statement (“Statement”) highlights Hong Seng Consolidated Berhad (“Hong Seng” or “the Company”)’s notions, practices and accomplishments of its sustainable progress and social responsibility during the financial year ended 30 September 2022 (“FYE 2022”) from the economic, environmental and social (“EES”) as well as governance aspects.

This report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the second edition of the Bursa Malaysia Sustainability Reporting Guide and the United Nation’s Sustainable Development Goals (“SDGs”) to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.



SUSTAINABILITY GOVERNANCE

Our governance structure was established such that accountability, transparency and ethical behaviour are present at every level of our organisation. As such, the Board of Directors (“Board”) is committed to embedding sustainability into business strategies and operations.

During the financial year under review and up to the date of this Statement, the Group had performed the activities in relation to the identification, management and reporting of sustainability matters and performances. The degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholders were performed by using informal stakeholders’ engagement through direct communication with relevant internal and external stakeholders by the respective Head of Departments/Divisions and Executive Directors.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Hong Seng believes that it is essential to maintain a good degree of communication and understanding through continuous dialogue and sharing of information with all its internal and external stakeholders.

The Group identifies its stakeholders as individuals, entities or organisations that have the capability to impact and influence the Group's business operations and vice versa. We encourage and entrust each business divisions to assess the best approach to engage with our stakeholders in our mission to achieve meaningful engagements that fulfil our stakeholders' needs.

The Group's key stakeholders and engagement platforms are listed below:

STAKEHOLDER GROUPS	AREAS OF INTEREST	ENGAGEMENT METHODS
Board	<ul style="list-style-type: none"> • Business strategy • Financial performance • Environmental practices • Human capital management • Client satisfaction • Occupational Health & Safety 	<ul style="list-style-type: none"> • Board meetings • General Meetings • Corporate/Company events • Stakeholder Engagement Surveys
Investors/Shareholders	<ul style="list-style-type: none"> • Transparent reporting with credible data • Innovative supply chain solutions 	<ul style="list-style-type: none"> • Quarterly financial results/reports • Annual report • Corporate website • General meeting(s) • Announcements and advertisements, if any
Customers	<ul style="list-style-type: none"> • Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency • Quality of products • Seamless digital solutions 	<ul style="list-style-type: none"> • Customer feedback and surveys conducted annually • Market research • Advertisements • Trade expo and exhibitions • Sales and customer visits/virtual meetings/conference calls • Stringent quality control
Employees	<ul style="list-style-type: none"> • Fair employment practices • Staff development & training • Occupational Health & Safety • Information security • Anti-Bribery and Corruption 	<ul style="list-style-type: none"> • Performance review • Employee Handbook • Code of Business Ethics and Conduct • Fully virtual/physical training programmes and workshops • Townhall meetings conducted on a fully virtual/physical basis (department-wise) • Company intranet (disseminating department meeting updates and memos)
Suppliers	<ul style="list-style-type: none"> • Long-term business relationship • Timely pay-outs • Procurement practices • Licensing and certification • Business opportunities • Mitigation of business risks • Sustainability of the Company's operations • Shared growth through partnerships • Impact of the COVID-19 pandemic 	<ul style="list-style-type: none"> • Annual supplier assessment • Supplier registration • Virtual/physical meetings • Email correspondences

SUSTAINABILITY STATEMENT (CONT'D)

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS

Hong Seng continues its adoption of the Sustainable Development Goals (“SDGs”) framework developed by the United Nations (“UN”). The SDGs function as a roadmap for the global community on how to address and overcome global challenges that are related to economic, social and environmental sustainability. This initiative consists of 17 SDGs that are an urgent call for action by all countries within a global partnership:



Out of the 17 SDGs above, the following are the 8 SDGs that we have contributed to during the FYE 2022.

3. GOOD HEALTH AND WELL-BEING

Through our healthcare arm, HS Bio Sdn. Bhd. (“HS Bio”) and glove manufacturing arm, Hong Seng Gloves Sdn. Bhd., we are involved in the manufacturing, supply and distribution of healthcare products and services. The Group continues to uphold its commitment to only market and carry Medical Device Authority (“MDA”) and relevant authorities approved healthcare products and services.

The services provided by Neogenix Laboratoire Sdn. Bhd. (“Neogenix Lab”) are also accredited and recognised with ISO 15189, Quality Control for Molecular Diagnostics, Royal College of Pathologists of Australasia, Genomic Quality Assessment and so on which proves the high-quality standards and competence of our medical laboratories.

On top of that, Hong Seng Gloves Sdn. Bhd.’s glove manufacturing plant in Sungai Petani, Kedah is also certified with ISO 13485 and ISO 9001 to ensure the gloves produced by us are widely recognised for their reliability and various applications. The end products also conform with the United States of America, United Kingdom, Australia, Mexico, Brazil, Japan and Europe’s health, safety, and environmental protection standards.

In safeguarding the well-being of our employees, we are committed to stringent health and safety practices and good work environment. The well-being of our employees is enhanced by the commitment of our management team at all levels and requires their close monitoring of the business units’ safety performance.

SUSTAINABILITY STATEMENT (CONT'D)

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

Occupational Safety & Health (“OSH”) Policy

As we strive to achieve zero injuries and casualties at our production plants, medical laboratories and offices, safety awareness is essential to avoid accidents and prevent occupational illness.

Hong Seng provides a safe and healthy workplace for its employees, and therefore, has established an OSH Policy that is committed to:

- ✓ Making OSH a core value in everything we do;
- ✓ Having a risk-based process in place for the identification, classification and control of hazards and risks;
- ✓ Providing all employees, contractors and visitors with relevant information, operational controls and regular training on OSH requirements to enable them to conduct their activities safely;
- ✓ Providing a positive culture in which employees, contractors and visitors feel free to share their concerns about nonconformance, undesirable, unsafe situations or any OSH related issues;
- ✓ Implementing effective approaches to protect people from safety and health risks;
- ✓ Being fully transparent in the periodic reporting on OSH performance;
- ✓ Consulting and collaborating with employees and other stakeholders on OSH matters;
- ✓ Complying with all applicable laws and regulations which apply to our business; and
- ✓ Ensuring we provide a healthy and safe working environment, 100% of our operations are in compliance with the relevant OSH regulations or are ISO 45001:2018 certified.

4. QUALITY EDUCATION

We provide our employees with trainings that will help in their careers, these include training on occupational health and safety, equipment operational skills, medical laboratories related skills and knowledge, sales and marketing, soft skills and other relevant trainings for the respective department personnel to enhance their knowledge and skills.

During the financial year under review, our Group had conducted and undergone trainings which include but not limited to the following:

TOPIC OF THE TRAINING ATTENDED	
<ul style="list-style-type: none"> • Genetical Ulcer Assay • HPV HR Detection • HPV28 Detection • Respiratory Full Panel • SARS-Cov-2 Assay • STI Essential Assay • VLS-A (BK, CMV EBV) • E-Swis Pematuhan Kepada Peraturan-Peraturan Kualiti Alam • Basic Occupational First Aid, CPR & AED Training • Chemical Handling • Employer Intervention Programme • First Aid Training • FMM Workshop On Complying To The 45 Hours / Week. • Forklift Training • Government Grant And Financial Assistance For Malaysian Companies • Hasil-Mef Tax Webinar 2022 • ISO 13485/2016 Guidelines For Auditing Management System 	<ul style="list-style-type: none"> • ISO 13485/2016 Quality Management System • ISO 14971/2019 Risk Management For Medical Device • Marketing 4.0 The Future On Consumer-Brand Relationships. • MRC Industry Consultation & Briefing On Regional Market Updates • Scrubber System Training • Seminar By The Medical Device Authority On Regulatory Updates • Seminar Pindaan Terkini Akta Perburuhan Dan Perhubungan Perusahaan • Assessable Income And Exclusions, Allowable Deductions And Restrictions And Capital Allowances • MFRs 15 & 16 Disclosures And Best Practices • Transfer Pricing For Intra-Group Services And Cost Contribution Arrangements • Are You Ready For A Capital Statement Review • Board Of Director Leadership Esg Essentials • Detecting & Deterring Financial Statement Fraud

Besides that, we also provide internship opportunities and on-the-job training for students in local educational institutions.

SUSTAINABILITY STATEMENT (CONT'D)

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

6. CLEAN WATER AND SANITATION

To prevent harm to the environment and local communities in the areas where we operate in, it is crucial that we manage and dispose of these wastes and effluents in a safe, ethical and responsible manner in accordance with the respective national and local regulations. Our goals in waste and effluent management include meeting legal requirements, reducing the environmental impact of our activities and ensuring the health and safety of the communities in which we operate.

Businesses are legally obliged to manage and dispose of all wastes and effluent appropriately and effectively. In every territory we operate in, we discharge our legal responsibilities with care and diligence and in full compliance with local and federal regulations.

Our glove manufacturing plants are constructed and built in compliance with environmental laws to ensure that by-products of our waste discharges do not pollute the surrounding environment.

In addition, through Neogenix Lab, we also conducted proper waste disposal practices by engaging a medical waste disposal company, Flora Sentosa Sdn. Bhd., to properly dispose of wastes.

8. DECENT WORK AND ECONOMIC GROWTH

Hong Seng also acts responsibly by contributing to the Malaysian economy through taxes, capital investments, jobs creation, wages, payments made to suppliers and more.

The Company strives to achieve milestones on our vision and share the benefits of our growth through staff benefits and professional growth opportunities. In addition to that, by ensuring work environments that prioritise the physical safety, security and well-being of our workforce, in line with global standards in occupational safety and health; supporting the Malaysian Government's talent development agenda by providing employment opportunities to local talents, with equal pay and fair wages and adhering to and upholding national labour laws to ensure good labour practices for our employees were some of the social initiatives implemented by the management.

The Company will endeavour to develop and source further opportunities to educate and build better cohesive individuals for each job functions. Hong Seng will also continuously encourage every employee and provide an avenue for them to develop their skills and expertise in their respective roles. By investing in this endeavour, we are setting ourselves and our people to greater heights and ensuring we work towards building a world-class team with high level capabilities that not only help the business but also support us as a choice employer. We also safeguard our employees' wellbeing by ensuring each of the employees are covered by group insurance, SOCSO and Foreign Worker Hospitalisation Scheme.

9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

HS Bio through Cloud Lab is in the midst of constructing a one-stop collection centre cum a modern laboratory with state-of-art facilities in Petaling Jaya to facilitate and segregate bio test samples from hospitals and clinics to our partner laboratories supported by our strategic partner and logistics specialist.

In addition to the above, the Group also intends to develop Malaysia Green Valley, a green industrial free zone which will be home to local and international companies and businesses involved in technological innovation and manufacturing of green energy products.

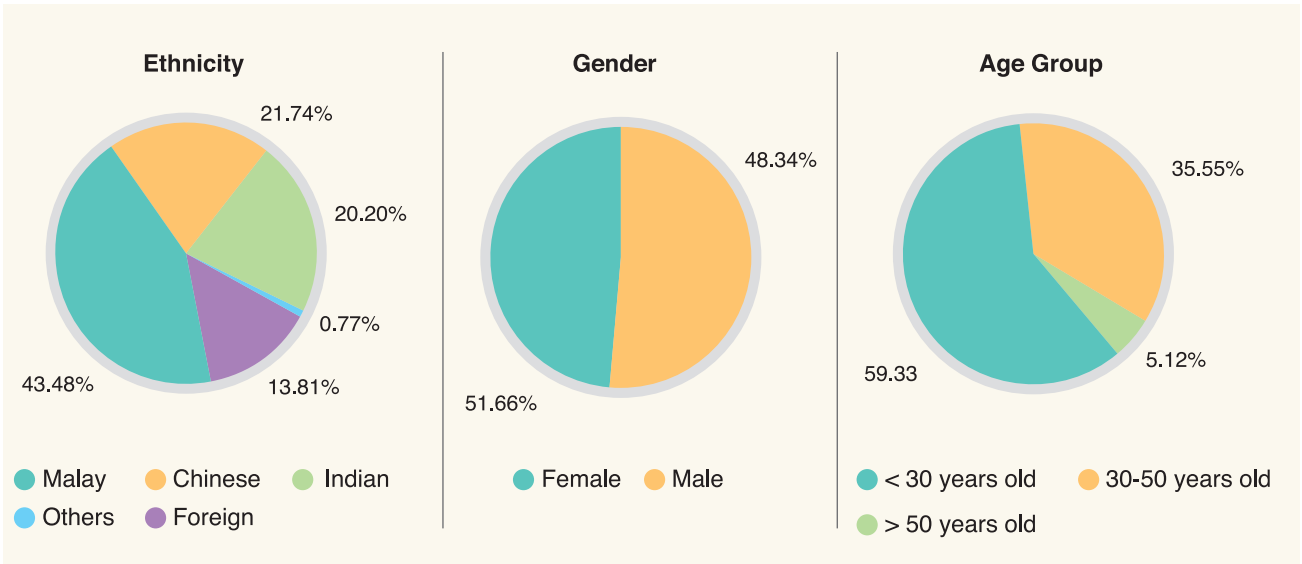
We also aim to develop a regional manufacturing hub in Malaysia, to manufacture batteries for Electric Vehicles ("EV") and progress to Energy Storage Solutions (ESS) which will eventually be supplied to EV manufacturers, assemblers and users in the Southeast Asian region in collaboration with EoCell Inc (USA) to promote the adoption of EVs and eventually, a carbon-neutral nation.

SUSTAINABILITY STATEMENT (CONT'D)

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

10. REDUCED INEQUALITIES

We conduct fair non-discriminatory and diverse employment practices:



We provide equal remuneration for men and women of the same job level.

We conduct CSR programmes to reduce inequalities in the community. Throughout the FYE 2022, the Group had donated about 10,000 COVID-19 test kits which are worth approximately RM40,000.00 to numerous charitable organisations. The charitable organisations were:

- Uncle Kentang Charity
- MERCY Malaysia
- Dignity For Children Foundation
- Yayasan Kebajikan Negara Malaysia
- Yayasan Raja Muda Selangor
- Awesome Day Charity



SUSTAINABILITY STATEMENT (CONT'D)

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

13. CLIMATE ACTION

We comply with all environmental laws and regulations and do not have any environmental related complaints lodged against our Company. With our footprint across the country, we take an integrated and macro approach to monitoring and managing our carbon emissions and energy consumption levels. Across our operations, we have been progressively switching from the existing fluorescent lighting to LED lighting. LED lighting uses at least 65% less energy compared to metal halide and incandescent lighting.

Across the Group, we have held various initiatives to instill environmental practices among our employees through environmental awareness campaigns. Focus on employee behaviour changes include switching off equipment and lights that are not in use and setting air conditioners to climate appropriate temperatures. We utilise the latest equipment which is more energy efficient.

16. PEACE, JUSTICE AND STRONG INSTITUTIONS

The Company has established a Code of Conduct, Whistleblowing Policy, and Anti-Bribery and Anti-Corruption Policy which are to be observed by the Management and employees. Hong Seng fully recognises that organisations with good corporate culture will help employees comprehend and clearly apply the Group's mission/vision and beliefs as well as the policies established within their day-to-day work.

Our corporate principles and standards are stated in our Code of Conduct and Ethics. This Code defines our high expectation on each and every employee to carry out good business practices and high personal conduct, and to go beyond strict adherence to local laws and regulations.

Meanwhile, the Anti-Bribery and Anti-Corruption Policy also states explicitly that all forms of insider information and securities trading, bribery and corruption are prohibited. The policy also forbids employees and directors from offering and accepting gifts, benefits or entertainment from third parties which may create a sense of obligation and compromise their professional judgment or create an appearance of doing so.

On the other hand, the Group also encourages and promotes high standards of ethical conduct and has established proper channels for whistleblowing through the Whistleblowing Policy which outlines the various reporting channels to provide Directors, employees and other stakeholders an avenue to report suspected wrongdoings, unethical behaviours or workplace grievances that may cause adverse impact to the Group.

The whistleblowing reporting channels include making a report directly to the employees' immediate superior, Executive Directors or Independent Non-Executive Director. A report can be made verbally, writing via email or via the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures.

SUSTAINABILITY STATEMENT (CONT'D)

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

16. PEACE, JUSTICE AND STRONG INSTITUTIONS (CONT'D)

We continue to communicate and institutionalise the aforementioned Code and Policies to all Directors and employees to ensure they uphold and align with our ethical standards. We have no instances of recorded graft or breach of trust since our listing on Bursa Malaysia in 2004.

Furthermore, Hong Seng also values our users' and customers' privacy by strictly upholding the data protection and privacy policy and standards. This is because some of our business models rely heavily on the users' trust on their data security and safety. Our IT system has all the necessary security features in place to secure our database and to protect against cyber-attacks.

We secure the information assets and personal data of our customers, suppliers and employees through the use of integrated data protection and information security strategies. Below are examples of cybersecurity measures, protocols and practices that we have implemented to ensure the safety of our business model from cyber threats.

- Password Policy for accessing to personal computers, notebooks and servers, which requires users to periodically change the passwords;
- Disaster Recovery Plan to ensure continuity of operations in the event of major systems failure or catastrophe;
- Scheduled backup on an external drive which is placed outside of the Company's premises;
- Control over access to data information to prevent unauthorised access; and
- Anti-virus software to minimise the risk of introducing and spreading computer viruses.

In FYE 2022, there were no reports of major cyber security violations and no cases related to breaches of data or complaints received from external stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Hong Seng Consolidated Berhad (“Hong Seng” or the “Company”) believes that the practice of good corporate governance is important to ensure long-term sustainability and business prosperity and to preserve shareholders’ trust. The Board is fully committed to maintaining high standards of corporate governance practices set out in the Malaysian Code on Corporate Governance (“MCCG”) throughout Hong Seng and its subsidiaries (“Group”) to safeguard the interests of its shareholders and stakeholders.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report (“CG Report”) based on a prescribed format as enumerated in Paragraph 15.25 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) so as to provide a detailed articulation on the application of the Group’s corporate governance practices as set out in the MCCG throughout the financial year ended 30 September 2022 (“FYE 2022”). The CG Report is available on the Company’s website at <https://www.hongseng.com.my> as well as via an announcement on the website of Bursa Securities.

This Corporate Governance Overview Statement makes reference to the following three (3) principles of the MCCG:-

- (a) Board Leadership and Effectiveness;
- (b) Effective Audit and Risk Management; and
- (c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

The Board is primarily responsible for determining the Company’s strategic objectives and policies and monitoring the progress toward achieving the objectives and policies. In this regard, the Board is guided by the principles and practices set out in the approved Board Charter to ensure that all Board members, acting collectively and individually on behalf of the Company, are aware of the specific functions of the Board, their duties and responsibilities and that the principles and practices of good corporate governance are applied in all their dealings in respect of, and on behalf of the Company.

To ensure the effectiveness in discharging its duties and responsibilities, the Board has delegated certain responsibilities to the following committees appointed by the Board:-

- (a) Audit Committee (“AC”);
- (b) Nomination Committee (“NC”); and
- (c) Remuneration Committee (“RC”).

Each Board Committee operates its functions within its respective Terms of Reference adopted by the Board. The Board Committees’ Terms of Reference can be accessed via the Company’s website, <https://www.hongseng.com.my>.

The Board is led by Dato’ Mohamed Suffian Bin Awang who was appointed as the Independent Non-Executive Chairman of the Company and supported by other Board members with experience in a wide range of expertise. They collectively play an important role in the stewardship of the direction and operations of the Group. Dato’ Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.

The role of the Chairman and the Group Managing Director (“Group MD”) are separated with a clear division of responsibilities to ensure a balance of control, power and authority. Dato’ Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Group MD has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions.

The roles and responsibilities of the Dato’ Chairman and the Group MD are detailed in the Board Charter which is available at the Company’s website at <https://www.hongseng.com.my>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

During the FYE 2022, the Board was supported by two (2) qualified and competent Company Secretaries who are the members of Malaysian Institute of Chartered Secretaries and Administrators and possessed the required practicing certificate issued by the Companies Commission of Malaysia.

The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regard to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

The Company has on 1 October 2022 changed its outsourced corporate secretarial function to Cospec Management Services Sdn. Bhd. ("CMS"). The Board is currently supported by the Company Secretary nominated by CMS who is a member of the Malaysian Association of Companies Secretaries. She is holding a professional certificate as a qualified Company Secretary under the Companies Act 2016. She possesses over 29 years of experience in corporate secretarial practices.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Notice of meeting and meeting materials (including meeting minutes) are usually circulated to the Directors/Board Committee Members seven (7) days before the meeting to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. Draft meeting minutes are circulated to the chairman of the meeting for review within a reasonable timeframe after the meetings. Meeting minutes record the proceedings of the meeting and resolutions passed by the Board/Board Committees including the names of the Directors who abstained from voting or deliberation on a particular matter.

The Board has formalised and adopted a Board Charter. The Board Charter was last reviewed, revised and approved by the Board on 20 January 2022. The Board Charter sets out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, to be aware of their duties and responsibilities at all times. The Board Charter is available at the Company's website at <https://www.hongseng.com.my>.

The Board has also adopted a Code of Conduct and Ethics which provides guidance to stakeholders on the ethical behaviour to be expected from the Group and sets out the Board's responsibilities as well as the Management's responsibilities to communicate, measure and monitor its values and performance to achieve objectives and to instill values. The Code of Conduct and Ethics is available on the Company's website at <https://www.hongseng.com.my>.

A Whistle Blowing Policy and Procedures were adopted by the Board to provide a platform for employees, directors and others to report serious concerns about risks of wrongful activities or reports of wrongdoing or to raise any concern or suspicion without fear of victimization or recrimination. The Whistle Blowing Policy and Procedures is available on the Company's website at <https://www.hongseng.com.my>.

The Board had put in place an Anti-Bribery and Anti-Corruption Policy in line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"). This policy aims to ensure that any business undertaken by the Group is free from acts of corruption and internal fraud and at the same time, to act in the best interests of the Company, its shareholders and stakeholders. The Anti-Bribery and Anti-Corruption Policy and Procedures are available on the Company's website at <https://www.hongseng.com.my>.

In line with the new Paragraph 15.01A of the Listing Requirements, the Board had on 27 June 2022 adopted the Directors' Fit and Proper Policy to ensure a transparent and rigorous process for the appointment and/or re-election of Directors and Key Senior Management of the Group. The Directors' Fit and Proper Policy is available on the Company's website at <https://www.hongseng.com.my>.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

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

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

The Board had reviewed, revised, and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

PART II – BOARD COMPOSITION

The Board currently consists of nine (9) members as follows:

- one (1) Independent Non-Executive Chairman;
- one (1) Group MD;
- three (3) Executive Directors; and
- four (4) Independent Non-Executive Directors.

The current Board composition complies with Paragraph 15.02 of the Listing Requirements (i.e. at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are independent) and is also in line with Practice 5.2 of the MCCG (at least half of the Board comprising Independent Non-Executive Directors).

The Board comprises nine (9) Directors and one (1) is a female Director, representing 11.11% female representation at the Board level. The said female Director was appointed to the Board on 1 September 2022 which reflects the Board's commitment towards achieving a more gender diversified Board.

The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

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

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

During the FYE 2022, none of our Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years. Further, based on the independence assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

The NC oversees the overall composition of the Board in terms of size, a mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

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

The NC of the Company comprises the following members, all of them being Independent Non-Executive Directors:-

- Mr. Yap Kien Ming, Chairman
- Mr. Leong Kam Soon, Member
- Dato' Kang Chez Chiang, Member

The NC also assists the Board in its annual review of the required mix of skills and experience and other qualities including core competencies that Directors should bring to the Board and assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity and training courses.

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

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

The NC undertook the following activities during the FYE 2022:

- (a) Reviewed and assessed the performance and effectiveness of the Directors, Board and Board Committees.
- (b) Reviewed and assessed the independence of the Independent Directors of the Company.
- (c) Reviewed and assessed the performance of AC.
- (d) Considered and recommended to the Board for approval on the re-election of Directors who were due to retire at the AGM pursuant to the Company's Constitution.
- (e) Reviewed and considered the nomination of Ms. Lee Li Chain and Dato' Kang Chez Chiang for appointment as new Executive Director and Independent Director of the Company respectively.
- (f) Reviewed the changes in the composition of the NC and RC.
- (g) Reviewed the revised Terms of Reference of the NC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

The records of attendance for the Board and Board Committees' Meetings held during the FYE 2022 are as follows:-

Director	Type of Meetings	Number of Meetings Attended			
		Board	AC	NC	RC
Dato' Mohamed Suffian Bin Awang		3/3	N/A	N/A	N/A
Dato' Seri Teoh Hai Hin		5/5	N/A	N/A	N/A
Lester Chin Kent Lake		5/5	N/A	N/A	N/A
Christopher Chan Hooi Guan		5/5	N/A	N/A	N/A
Lee Li Chain*		N/A	N/A	N/A	N/A
Ng Keok Chai		5/5	5/5	3/3	2/2
Yap Kien Ming		5/5	5/5	3/3	2/2
Leong Kam Soon		5/5	5/5	2/2	1/1
Dato' Kang Chez Chiang*		N/A	N/A	N/A	N/A
Teoh Soon Han (<i>Alternate Director to Dato' Seri Teoh Hai Hin</i>)		N/A	N/A	N/A	N/A

* Not applicable as there is no meeting held from the date of their appointment up to 30 September 2022.

All the Directors have complied with the minimum 50% attendance requirement as stipulated in the Listing Requirements. The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with the latest developments in the marketplace and new statutory and regulatory requirements. The training needs of each Director would be assessed and proposed by the individual Director. Each Director determines the areas of training that he may require for personal development as a Director or as a member of the Board Committees.

Details of training attended by the Directors during the FYE 2022 are as follows:-

Director	Training Programmes
Dato' Mohamed Suffian Bin Awang	<ul style="list-style-type: none"> Amendments to the Main Market Listing Requirements in relation to Director Appointment, Independence and Miscellaneous Changes Corporate Governance Guide (4th edition)
Lee Li Chain	<ul style="list-style-type: none"> 2022 Budget Seminar Are you ready for a Capital Statement Review? Detecting and Deterring Financial Statements Fraud
Ng Keok Chai	<ul style="list-style-type: none"> TFCD 101: Getting started with climate-related financial reporting Audit Oversight Board Conversation with Audit Committees Company Overview: GP 5.0, Anti Money Laundering (AMLA) Training, Internal Legal Procedure and Contract Executive Agreement Briefing and Section 17A MACC Act Training Program Fraud Prevention & Detection
Yap Kien Ming	<ul style="list-style-type: none"> Audit Oversight Board Conversation with Audit Committees Webinar (year 2021) Change in MFRS and the common pitfalls on the Application MFRS Audit Oversight Board Conversation with Audit Committees (year 2022)
Leong Kam Soon	<ul style="list-style-type: none"> Fraud Risk Management Workshop Audit Oversight Board Conversation with Audit Committees

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION

The Remuneration Committee is tasked to review the remuneration policy for the Directors and Senior Management of the Group. The Remuneration Committee comprises the following members, all being Independent Non-Executive Directors:-

- Tuan Ng Keok Chai, Chairman
- Mr. Leong Kam Soon, Member
- Mr. Yap Kien Ming, Member

The Board had established a formal and transparent Remuneration Policy as a guide for the Board and the RC to determine the remuneration of Directors and/or Senior Management of the Company, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The Remuneration Policies and Procedures are available at the Company's website at <https://www.hongseng.com.my>.

The activities undertaken by the RC during the FYE 2022 were as follows:-

- Reviewed and recommended to the Board for consideration, the remuneration paid to the Directors of the Company for the financial period ended 30 September 2021.
- Reviewed the revised Terms of Reference of the RC.
- Reviewed and recommended to the Board for consideration, the proposed remuneration package for the new Directors appointed during the FYE 2022.

The details of the remuneration of the Directors of the Company received from the Company and the Group during the FYE 2022 are as follows:-

The Company:

Name of Directors	Fees	Allowance	Salary	Bonus	Benefits-in kind	Others emoluments	Total
Dato' Mohamed Suffian Bin Awang	81,290	-	-	-	-	-	81,290
Lester Chin Kent Lake	-	-	27,500	-	-	4,046	31,546
Lee Li Chain	-	900	13,600	-	-	1,789	16,289
Yap Kien Ming	36,000	-	-	-	-	-	36,000
Leong Kam Soon	36,000	-	-	-	-	-	36,000
Tuan Ng Keok Chai	36,000	-	-	-	-	-	36,000
Dato' Kang Chez Chiang	3,000	-	-	-	-	-	3,000
Kenny Khaw Chuan Wah	-	48,000	25,000	-	-	3,231	76,231
Chong Koon Meng	-	-	3,750	-	-	690	4,440
Dato' Seri Dr. Chen Chaw Min	24,516	3,000	-	-	-	-	27,516
TOTAL	216,806	51,900	69,850	-	-	9,756	348,312

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION (CONT'D)

The details of the remuneration of the Directors of the Company received from the Company and the Group during the FYE 2022 are as follows:- (Cont'd)

The Group:

Name of Directors	Fees	Allowance	Salary	Bonus	Benefits-in kind	Others emoluments	Total
Dato' Mohamed Suffian Bin Awang	81,290	-	-	-	-	-	81,290
Christopher Chan Hooi Guan	12,000	60,000	25,000	-	-	-	97,000
Lester Chin Kent Lake	-	-	60,000	-	-	8,743	68,743
Lee Li Chain	-	900	28,100	-	-	3,577	32,577
Yap Kien Ming	36,000	-	-	-	-	-	36,000
Leong Kam Soon	36,000	-	-	-	-	-	36,000
Tuan Ng Keok Chai	36,000	-	-	-	-	-	36,000
Dato' Kang Chez Chiang	3,000	-	-	-	-	-	3,000
Kenny Khow Chuan Wah	7,000	48,000	70,000	-	-	7,661	132,661
Chong Koon Meng	2,645	-	15,000	-	-	2,131	19,776
Dato' Seri Dr. Chen Chaw Min	24,516	3,000	-	-	-	-	27,516
TOTAL	238,451	111,900	198,100	-	-	22,112	570,563

All Executive Directors are also senior management of the Group, hence their remuneration is as detailed in the table above.

PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

The Audit Committee comprises four (4) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is not the Chairman of the Board. The Chairman of the Audit Committee is a member of the Association of Chartered Certified Accountants, the Chartered Institution of Management Accounts and the Malaysian Institute of Accountants.

The Terms of Reference of the Audit Committee requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least (3) years before being appointed as a member of the Audit Committee. None of the members of Audit Committee was a former partner of the external audit firm of the Company and in order to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties and members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – AUDIT COMMITTEE (CONT'D)

For effectiveness and independent conduct of the Audit Committee's functions, the Audit Committee has separate discussions with the External Auditors without the presence of the Executive Directors and Management as and when necessary to discuss matters that the Audit Committee or the auditors believe should be discussed privately or to have a discussion about any matters of significance that arose during the audit process.

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the Audit Committee.

Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2022.

The internal audit function is outsourced to OAC Consulting Sdn. Bhd. ("OAC"), an independent professional internal audit service provider, which is manned by professionally qualification and experienced staff. For each internal audit review, a team led by Engagement Director, Mr. Lionel Vernon Yong Nguon Kee and/or Senior Director, Mr. Leonard Lim Weng Leong will be assigned by Internal Audit firm to undertake the review in accordance to the internal audit plan approved by the Audit Committee. The Engagement Director of the firm is a Certified Internal Auditor, United States of America (CIA), a Chartered Accountant (Malaysia), a Member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom (FCCA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The Senior Director of the firm is a Fellow Member of Institute of Public Accountants (FIPA), a Fellow Member of Institute of Financial Accountants (FFA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The Internal Audit firm appointed by the Company is free from any relationships or conflict of interest which could impair their objectivity and independence. The Internal Auditors performed their work by referring to a recognised framework such as the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.

The Group maintains a website at <https://www.hongseng.com.my> where shareholders or investors may access information on the Group under "Investors" link encompassing corporate information, latest financial results, latest annual reports, announcements to Bursa Securities, Board Charter, Code of Conduct and Ethics of the Board, Terms of Reference of the Board Committees, Whistleblowing Policy and Procedure, etc.

The following personnel has been identified as the investor contact person of the Group:-

Contact Person : Mr Anthony Lee
Mobile No. : +(6012) – 338 3705
Telephone No. : +(603) – 7887 1666
Fascimile No. : +(603) – 7881 1766
Email : enquiry@hongseng.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – CONDUCT OF GENERAL MEETINGS

The Company's general meeting remains the principal forum for dialogue with shareholders, in particular, private investors, whereby they are provided with an opportunity to participate, raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments/proposals of the Group, the resolutions being proposed and/or on the business of the Group and communicate their expectations and possible concerns.

In order to encourage shareholders' participation and engagement with the Board and senior management effectively in the AGM, the Company sends the Notice of the AGM to its shareholders at least 21 days ahead of the meeting date.

In addition, the Board also ensures that the Notice of AGM contains details of resolutions proposed along with background information and relevant explanatory notes. The explanation will assist the shareholders in making their decisions and exercising their voting rights.

In line with Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the notice of general meetings will be put to vote by poll. The Company also appoints an independent scrutineer to validate the vote cast in the general meetings. The outcome of the general meetings will then be announced to Bursa Securities on the same meeting day while the summary of key matters of the annual general meeting, if any, discussed during the said general meetings will be posted on the Company website.

All the Directors (save for Dato' Suffian who was absent due to his earlier commitment; Ms. Lee Li Chain and Dato' Kang Chez Chiang, both of whom were appointed on 1 September 2022) attended the 20th AGM, 21st AGM and EGM (collectively "2022 General Meetings") held on 25 February 2022. The Senior Management and External Auditors also attended the AGMs virtually.

The 2022 General Meetings were held on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities.

The Company leverages technology for smooth conduct and/or broadcast of virtual general meetings (fully virtual or hybrid) to facilitate greater shareholders' participation and engagement with the Board of Directors as well as to enhance the proceedings of general meetings, including voting in absentia (i.e. without being physically present at general meetings) and remote shareholders' participation where shareholders are provided with sufficient opportunity to pose questions during the general meetings and receive meaningful responses.

STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2022, except for the departures set out in the CG Report.

The Board 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.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not raise any funds through any corporate proposals during the financial year ended 30 September 2022 ("FYE 2022").

2. MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS

Save as disclosed below, the Company and its subsidiaries ("the Group") have not entered into any material contracts (not being contracts entered into the ordinary course of business) involving the interests of the Directors and/or major shareholders, either entered into since the end of the previous financial period and/or still subsisting at the end of the FYE 2022:

- (a) HS Bio Sdn. Bhd. ("HS Bio") had on 3 January 2022 entered into a shares sale agreement with Kuan Chee Sian and Joveen Neoh Wan Fen (who are also the Directors of HS Bio and are also the vendors for the acquisition) for the proposed acquisition of 80,000 ordinary shares in Neogenix Laboratoire Sdn. Bhd. ("Neogenix Lab"), representing 40% of the equity interest in Neogenix Lab, for a total cash purchase consideration of RM3.4 million.

This acquisition was completed on 4 January 2022.

- (b) HS Bio had on 5 August 2022 entered into a shares sales agreement with Green Packet Berhad ("GPB")⁽¹⁾ for the disposal of 6,000 ordinary shares in eMedAsia Sd. Bhd. ("eMedAsia"), representing 20% of the equity interest in eMedAsia, for a total cash consideration of RM20 million.

This disposal was completed on 22 September 2022.

- ⁽¹⁾ Kenny Khaw Chuan Wah ("Kenny Khaw") (who was an Executive Director of the Company prior to his resignation on 14 March 2022 and held 0.396% of the equity interest in our Company on 5 August 2022) and Tuan Ng Keok Chai ("Tuan Ng") (who is an Independent Non-Executive Director of the Company) are also Directors of GPB. Pursuant to the provisions under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), Kenny Khaw and Tuan Ng are not deemed to be interested in the disposal.

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Group and the Company for the services rendered for the FYE 2022 are as follows:-

	Group (RM)	Company (RM)
Audit Fees	217,034	52,000
Non-audit Fees	20,000	20,000

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The Company had, at the 21st Annual General Meeting ("AGM") of the Company held on 25 February 2022 obtained its shareholders' mandate to allow the Group to enter into RRPT of a revenue or trading nature which are necessary for the day-to-day operations of the Group and in the ordinary course of business with the related parties. The aforesaid mandate will lapse at the conclusion of the forthcoming 22nd AGM of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, details of the RRPT conducted during the FYE 2022 pursuant to the aforesaid shareholders' mandate are as follows:-

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate Value of Transactions during the FYE 2022
Hong Seng Gloves Sdn. Bhd. and HS Vision One Sdn. Bhd. ("HS Vision")	Dato' Seri Teoh Hai Hin ("DTHH") ⁽¹⁾ Teoh Soon Han ("TSH") ⁽²⁾ Teoh Hai Peng ("THP") ⁽³⁾ Dato' Teoh Hai Bim ("THB") ⁽³⁾ Teoh Hai Seng ("THS") Teoh Huan Jie ("THJ") Hong Seng Frontier Sdn. Bhd. ("HS Frontier") ⁽⁴⁾ Dalphon Limited ⁽⁵⁾	Renting of 4 blocks of single-storey factory building, a single-storey office building and a single-storey canteen and storage areas erected on a parcel of leasehold land on Lot 97, Jalan Sepuluh, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah measuring approximately 217,800 square feet (with a total gross usable area of 130,964 square feet) for the purpose to set up the Glove Production Plant, for a term of 3 years (with an option to renew for another 2 years) with rental of RM130,000 per month, commencing from 10 December 2020.	N/A

Notes:

- ¹ DTHH, our Group Managing Director and a major shareholder of our Company, is also a director and a controlling shareholder of HS Vision;
- ² TSH, the Alternate Director to DTHH, is DTHH's daughter;
- ³ THP and THB, brother of DTHH, and directors and shareholders of HS Vision. THS, a brother of DTHH and THJ, a son of DTHH, are shareholders of HS Vision;
- ⁴ HS Frontier (a company controlled by DTHH) is a major shareholder of the Company, although HS Frontier has ceased as the major shareholder of the Company on 22 August 2022, HS Frontier is still deemed as the major shareholder pursuant to Paragraph 10.02(f) of the Listing Requirements as at the date of this report; and
- ⁵ Dalphon Limited (a company controlled by DTHH) is a major shareholder of the Company since 22 August 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company are responsible for ensuring the financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the financial performance of the Group and the Company.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 September 2022, the Group and the Company had applied appropriate accounting policies on a consistent basis. The Directors also consider that all applicable approved accounting standards are adhered to in the preparation of the financial statement.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Hong Seng Consolidated Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries (“the Group”) in accordance with Main Market Listing Requirements of Bursa Securities Malaysia Berhad and in accordance with the Principles and Best Practices provisions relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance. This Statement is guided by the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers.

BOARD’S RESPONSIBILITIES

The Board recognises and affirms its overall responsibility for the Group’s system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or fraud and losses.

The Board is assisted by Management in implementing the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

RISK MANAGEMENT AND INTERNAL CONTROL

The key features of the risk management and internal control systems are described below:

Risk Management Framework

The Group has established a proper risk management framework that ensures an ongoing process for identifying, evaluating, managing and reporting risk that may affect the achievement of the Group’s business objectives and strategies. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

The Group has in place risk profiles of major business units. Key risks of major business units were identified, assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence.

The risk profiles of the major business units of the Group are being monitored by its respective key Management staff. Key risks of the Group are discussed at Management Meetings on a need basis.

Management will update the results of risk assessment including preparing detailed risk registers and documenting all discussions at Management and Board meetings on key risks and action plans to address the key risks.

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

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Control System

The key elements of the Group's internal control system include:-

- Clearly defined organisation structure, reporting lines of responsibilities and appropriate level of delegation;
- Clearly defined roles and responsibilities, authority and accountability within the Group;
- Limit of Authority ("LOA") matrix that clearly outlines Management limits and approval authority across various key processes;
- Recruitment of adequate experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensure that minimum controls are in place;
- Establishment of effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Annual budgeting process which requires all business units/divisions to prepare budget and business plan on an annual basis;
- Establishment of the internal policies and procedures for key functional units within the Group and regularly update the policies and procedures to reflect changing risks and business needs or to resolve operational deficiencies;
- Operations review meetings are held on a regular basis by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Management meetings are held on a regular basis to review and discuss business performance, strategy, business development and key management issues;
- Regular review of actual sales performance against the target set by the Management. This enables effective monitoring of significant variances and deviations from the target and business objectives;
- Engage and appoint solicitors, financial advisors and other competent professionals as may be required in respect of any corporate exercise undertaken by the Group;
- Periodic review of the adequacy and effectiveness of the system of internal control by the internal audit function; and
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by internal auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

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

REVIEW BY BOARD

The Board considered the adequacy and effectiveness of the risk management and internal control process in the Group during the financial year.

A review of the adequacy and effectiveness of the risk management and internal controls systems has been undertaken based on information from:

- Management within the organisation is responsible for the development and maintenance of the risk management and internal control framework;
- Assessments of major business units and functional controls by respective Management to complement the above input in providing a holistic view of the Group risk and control framework effectiveness; and
- The work carried out by the Internal Auditors which includes the documents on Internal Audit Strategy highlighting the key processes and potential key risks for the Group and Internal Audit Report was tabled to the Audit Committee together with recommendations for improvement.

During the financial year under review, a number of improvements to internal controls were identified and addressed. The Board and Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

The Audit Committee will address and monitor the implementation of key action plans and any internal control weaknesses and ensure continuous process improvement.

The Board also received assurance from the Executive Directors of the Company that the Group's current risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Whilst the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system, the Board acknowledges that a sound system of internal control can reduce, but cannot eliminate, the possibility of poor judgment in decision making; human error; control processes being deliberately circumvented by employees; management overriding controls and occurrence of unforeseen circumstances.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors of the Company have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guides 3 ("AAPG 3") issued by Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedure.

AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) of Hong Seng Consolidated Berhad (“the Company”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 30 September 2022 (“FYE 2022”).

The primary objective of the Audit Committee is to assist the Board in discharging its statutory duties and responsibilities relating to the corporate accounting and financial reporting practices for the Company and its subsidiary companies (“the Group”) and to ensure the adequacy and effectiveness of the Group’s system of internal controls, providing oversight of both external and internal audit functions

MEMBERS

The members of the AC, all being Independent Non-Executive Directors are as follows:

Leong Kam Soon

(Chairman, Independent Non-Executive Director)

Yap Kien Ming

(Member, Independent Non-Executive Director)

Ng Keok Chai

(Member, Independent Non-Executive Director)

Dato’ Kang Chez Chiang

(Member, Independent Non-Executive Director)

(Appointed on 1 September 2022)

TERMS OF REFERENCE

The authorities and duties of the AC are clearly governed by the Terms of Reference of the AC. The Terms of Reference of the AC can be accessed from the Company’s website at www.hongseng.com.my.

MEETINGS

During the FYE 2022, the AC held a total of five (5) meetings. Details of attendance of the AC members are as follows:

AC Members	Attendance
Leong Kam Soon, Chairman	5 of 5
Yap Kien Ming, Member	5 of 5
Ng Keok Chai, Member	5 of 5
Dato’ Kang Chez Chiang, Member <i>(Appointed on 1 September 2022)</i>	N/A

A full agenda and comprehensive set of meeting papers were circulated to each AC member with sufficient notification prior to each meeting. The Internal and External Auditors were called in when relevant.

The representatives from the Management attended the meetings by invitation for the purposes of briefing the AC on reports presented at the meeting and to clarify on issues that the AC may have with regard to the activities involving their areas of responsibilities.

The Chairman of the AC shall report to the Board on a quarterly basis on all significant matters discussed, deliberated upon and dealt with at the AC meetings. Among others, it covers the AC’s recommendation to approve the quarterly financial result for release to Bursa Securities, the annual financial statements as well as significant audit issues raised by the Internal and/or External Auditors.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK DURING THE FYE 2022

The following is a summary of the work carried out by the AC during the FYE 2022:

- i. Reviewed the Company and the Group's compliance with the Listing Requirements, the requirements of the Companies Act 2016, applicable approved accounting standards in Malaysia and other relevant regulatory requirements, to ensure that the quarterly announcements of financial results and the audited financial statements are properly prepared.
- ii. Reviewed the quarterly unaudited financial results and annual audited financial statements of the Group including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities.
- iii. Reviewed with the External Auditors, the Audit Planning Memorandum and scope of the statutory audit of the Group's financial statements for the FYE 2022 before the audit commenced to ensure that the scope of the external audit is comprehensive.
- iv. Reviewed with the External Auditors on the results, observations, significant audit findings and adjustments arising from their audit of the financial year-end statements and their resolutions of such issues highlighted in their report to the AC.
- v. Considered and recommended the re-appointment of Grant Thornton Malaysia PLT as the External Auditors based on the competency, efficiency and transparency as demonstrated by them during their audit for the financial year ended.
- vi. Met with the External Auditors without the presence of the Management to facilitate discussions on additional matters in relation to audit issues and internal control weaknesses noted in the course of their audit.
- vii. Reviewed with the Internal Auditors, the internal audit plan, work done and reports, for the internal audit function and considered the findings of internal audit investigations and management responses thereon and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.
- viii. Reviewed the related party transactions and/or recurrent related party transactions that transpired during the financial year under review to ensure that the transactions entered were at arm's length.
- ix. Reviewed and recommended to the Board for approval on the AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval for inclusion in the Company's Annual Report.
- x. Reviewed the Circular to Shareholders in relation to the Recurrent Related Party Transactions Mandate and made a statement of its view and recommended the same to the Board to seek shareholders' approval for the said Mandate.
- xi. Evaluated the performance of the External Auditors for FYE 2022.
- xii. Reviewed the Related Party Transaction Policy and Procedures and revised Terms of Reference of the AC before recommending to the Board for adoption.
- xiii. Reviewed the acquisition of 40% of the equity interest in Neogenix Laboratoire Sdn. Bhd. for a total cash purchase consideration of RM3,400,000 before recommending it to the Board for approval.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to OAC Consulting Sdn. Bhd., a professional services firm which is an integral part of the assurance mechanism in ensuring the Group's system of internal control is adequate and effective.

The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system, where improvement gaps are identified as a result of the reviews, remedial and improvement measures are recommended to strengthen controls. The Internal Auditors report directly to the AC and assist the AC to discharge its duties and responsibilities.

The Internal Auditors prepared and tabled the Internal Audit Plan for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operations based on the Internal Audit Plan approved by the AC.

During the FYE 2022, the following internal audit reviews had been carried out by the Internal Auditors:

Reporting month	Name of Entity Audited	Audited Areas
May 2022	eMedAsia Sdn. Bhd.	Invoicing
August 2022	Hong Seng Gloves Sdn. Bhd.	Procurement

Prior to the presentation of the report to the Audit Committee, comments from the Management are obtained and incorporated into the internal audit findings and reports.

The fees incurred during the FYE 2022 in relation to the internal audit function were RM20,000.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2022.

PRINCIPAL ACTIVITIES

The Company operates as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	102,372,008	79,573,914
Attributable to:		
Owners of the Company	97,191,503	
Non-controlling interests	5,180,505	
	102,372,008	

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

DIRECTORS

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

Dato' Seri Teoh Hai Hin	<i>(Group Managing Director)**</i>
Lester Chin Kent Lake	<i>(Executive Director)^</i>
Christopher Chan Hooi Guan	<i>(Executive Director)^</i>
Lee Li Chain	<i>(Executive Director, appointed on 1.9.2022)</i>
Teoh Soon Han	<i>(Alternate Director to Dato' Seri Teoh Hai Hin)</i>
Leong Kam Soon	<i>(Independent Non-Executive Director)</i>
Ng Keok Chai	<i>(Independent Non-Executive Director)</i>
Yap Kien Ming	<i>(Independent Non-Executive Director)</i>
Dato' Mohamed Suffian Bin Awang	<i>(Independent Non-Executive Chairman, retired and re-appointed on 25.2.2022)</i>
Dato' Kang Chez Chiang	<i>(Independent Non-Executive Director, appointed on 1.9.2022)</i>
Kenny Khaw Chuan Wah	<i>(Executive Director, resigned on 14.3.2022)</i>

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

- ** also Director of Hong Seng Industries Sdn. Bhd., Hong Seng Gloves Sdn. Bhd., HS Synergy Sdn. Bhd., HS Petchem Logistics Sdn. Bhd., Hypercove Sdn. Bhd., HS Green Valley Sdn. Bhd., CBSA Bizhub Sdn. Bhd. and CBSA International Sdn. Bhd.
- ^^ also Director of CASD Solutions Sdn. Bhd., CBSA Bizhub Sdn. Bhd., CBSA International Sdn. Bhd., Hong Seng Gloves Sdn. Bhd., HS Synergy Sdn. Bhd., HS Petchem Logistics Sdn. Bhd., Hong Seng Capital Sdn. Bhd., Hong Seng Industries Sdn. Bhd., HS Cloud Lab Sdn. Bhd., Hypercove Sdn. Bhd., eMedAsia Sdn. Bhd., HS Bio Sdn. Bhd., HS Bio Holdings Sdn. Bhd., HS Green Valley Sdn. Bhd., Premiumway Development Sdn. Bhd., and HC Global Limited.
- ^ also Director of CASD Solutions Sdn. Bhd., Neogenix Laboratoire Sdn. Bhd., Neogenix Food Science Sdn. Bhd., Neogenix Nexus Sdn. Bhd., Neogenix Care Sdn. Bhd., HS Bio Sdn. Bhd., eMedAsia Sdn. Bhd., HS Bio Holdings Sdn. Bhd. and Premiumway Development Sdn. Bhd.

The names of the Directors of certain subsidiary companies in office during the financial year and up to the date of this report other than those named above are as follows:-

Joveen Neoh Wan Fen
 Kuan Chee Hao
 Kuan Chee Sian
 Loh Sheng Wei
 Mohamed Namazie Bin A.M. Ibrahim
 Tan Ooi Jin
 Tan Sri Dato' Seri Mohd Khairul Adib Bin Abd Rahman
 Tan Chon Seng
 Thirunavukarasu A/L Rajoo

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at the end of the financial year (including their spouses or children) are as follows:-

	Number of ordinary shares ("OS")				At 30.9.2022
	At 1.10.2021	Bought/ Transferred	Bonus Issue	Sold/ Transferred	
Direct interests					
Dato' Seri Teoh Hai Hin	188,500,000	-	171,700,000	(360,200,000)	-
Ng Keok Chai	-	2,090,000	-	-	2,090,000
Indirect interest					
Dato' Seri Teoh Hai Hin*	163,516,400	630,282,800	163,516,400	(327,032,800)	630,282,800
Lester Chin Kent Lake#	294,423,800	1,690,000	296,113,800	-	592,227,600
Christopher Chan Hooi Guan^	206,000,000	-	206,000,000	-	412,000,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at the end of the financial year (including their spouses or children) are as follows:- (Cont'd)

	Number of Warrant B			At 30.9.2022
	At 1.10.2021	Bonus issue of Warrant B/ Bonus Issue	Sold/ Transferred	
Direct interests				
Dato' Seri Teoh Hai Hin	-	122,291,666	(122,291,666)	-
Indirect interest				
Dato' Seri Teoh Hai Hin*	-	333,938,530	(108,010,932)	225,927,598
Lester Chin Kent Lake#	-	196,282,532	-	196,282,532
Christopher Chan Hooi Guan^	-	137,333,332	-	137,333,332

* Indirect interest by virtue of his interests in Hong Seng Frontier Sdn. Bhd. (at the beginning of the financial year) or Dalphon Limited (at the end of the financial year).

Indirect interest by virtue of his father's interests and his interests in Radiance Dynasty Sdn. Bhd.

^ Indirect interest by virtue of his interests in Aurora Crest Sdn. Bhd. and Open Dynamics Sdn. Bhd.

By virtue of Dato' Seri Teoh Hai Hin, Mr. Lester Chin Kent Lake and Mr. Christopher Chan Hooi Guan's direct and indirect substantial interests in the shares of the Company, they are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than disclosed above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurring by the Group RM	Incurring by the Company RM
Directors' fees	238,451	216,806
Directors' non-fee emoluments and benefits	332,112	131,506

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

DIRECTORS' REPORT (CONT'D)**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company:-

- (a) issued 835,500 new ordinary shares at an issue price of RM0.10 each before the Bonus Issue by way of conversion of 835,500 irredeemable convertible preference shares ("ICPS") (at a subscription price of RM0.025 each before the Bonus Issue) for a total cash consideration of RM62,662.50 at a cash payment of RM0.075 each before the Bonus Issue;
- (b) issued 682,300 new ordinary shares at an issue price of RM0.13 each before the Bonus Issue for a total cash consideration of RM88,699 by way of conversion of 682,300 Warrants A at an exercise price of RM0.13 each before the Bonus Issue;
- (c) issued 253,400 new ordinary shares at an issue price of RM2.60 each before the Bonus Issue for a total cash consideration of RM658,840 by way of conversion of 253,400 Warrants B at an exercise price of RM2.60 each before the Bonus Issue; and
- (d) completed a bonus issue exercise on 28 June 2022. The Company issued 2,554,208,384 ordinary shares, 1,435,110 additional ICPS, 472,482 additional Warrants A and 850,558,283 additional Warrants B pursuant to the bonus issue exercise ("Bonus Issue").

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

There were no debentures issued by the Company during the financial year.

WARRANTS**Warrants A**

The Company had on 23 September 2019 allotted and issued 53,097,137 rights shares together with 159,291,411 free warrants ("Warrant(s) A") at an issue price of RM0.25 each on the basis of 3 Warrants A for every 1 rights share subscribed. Each Warrant A entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 2 October 2019 to 1 October 2024, at an exercise price of RM0.25 each in accordance with a deed poll. Any Warrants A not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes.

On 16 June 2021, the Company completed the share split and the exercise price of Warrants A was adjusted to RM0.13 each for 1 new ordinary share pursuant to the share split. On 28 June 2022, the Company completed the Bonus Issue and the exercise price of Warrants A was adjusted to RM0.07 each for 1 new ordinary share pursuant to the Bonus Issue.

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

As at 30 September 2022, 944,964 Warrants A remained unexercised.

Warrants B

The Company had on 4 October 2021 issued 850,811,683 free warrants ("Warrant(s) B") at an issue price of RM2.60 each on the basis of 1 Warrant B for every 3 existing ordinary shares held by the entitled shareholders on the entitlement date. Each Warrant B entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 4 October 2021 to 3 October 2024, at an exercise price of RM2.60 in accordance with a deed poll. Any Warrants B not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes.

On 28 June 2022, the Company completed the Bonus Issue and the exercise price of Warrants B was adjusted to RM1.30 each for 1 new ordinary share pursuant to the Bonus Issue.

DIRECTORS' REPORT (CONT'D)

WARRANTS (CONT'D)

Warrants B (Cont'd)

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

As at 30 September 2022, 1,701,116,566 Warrants B remained unexercised.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage and insurance premium paid for the Directors and officers of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

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

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022 and of their financial performance and cash flows for the financial year then ended.

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

DATO' SERI TEOH HAI HIN

Kuala Lumpur
12 January 2023

LEE LI CHAIN

STATUTORY DECLARATION

I, Lee Li Chain, being the Director primarily responsible for the financial management of Hong Seng Consolidated Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 61 to 143 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
12 January 2023)

LEE LI CHAIN
(MIA NO.: 22634)
CHARTERED ACCOUNTANT

Before me,

Commissioner for Oaths

RAMATHILAGAM A/P T. RAMASAMY (W671)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HONG SENG CONSOLIDATED BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hong Seng Consolidated Berhad, which comprise the statements of financial position as at 30 September 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

Revenue recognition

The risk – A significant amount of the Group's revenue arises from "Healthcare". Healthcare revenue mainly arises from wholesale of pharmaceutical and medical goods and medical diagnostic laboratory services.

We identified the revenue generated from the "Healthcare" as significant risk requiring special audit consideration because the amount of revenue contributed is significant to the financial statements of the Group.

Our response – We tailored our procedures to ensure that revenue was recognised only when goods were delivered and services were performed. Among other procedures, we traced samples of revenue separately to supporting evidence including the original contracts, purchase orders from customers, sales invoices that were acknowledged by customers and delivery orders.

The Group's disclosures regarding revenue recognition and revenue are included in Notes 3.14 and 22 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF HONG SENG CONSOLIDATED BERHAD

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

Key Audit Matters (Cont'd)

Group (Cont'd)

Impairment of goodwill

The risk – Under MFRSs, the Group is required to annually test the amount of goodwill for impairment. This impairment testing relies on estimates of value-in-use based on estimated future cash flows.

The impairment test was significant to our audit because the assessment processes used in preparing the estimated future cash flows are complex and highly judgemental and are based on assumptions that are affected by expected future market or economic conditions.

Our response – Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth, expenses and profit margins. We checked for additional impairment indicators by reading board minutes, holding regular discussions with the Group, and examining the performance of each cash generating unit. We also focused on the adequacy of the Group's disclosures about those assumptions that have the most significant effect on the determination of the recoverable amount of goodwill.

The Group's disclosures regarding goodwill are included in Notes 3.1.3, 3.8, and 9 to the Financial Statements.

Inventories valuation

The risk – A significant amount of the Group's inventories arises from "Gloves segment". These inventories comprises the cost of purchase of raw materials, labour costs, plus conversion costs such as variable and fixed overhead costs. Significant estimates are involved in determining the basis of allocating the costs of production to the products produced by the Group. As a result, we considered this a key area of audit focus.

Our response – In addressing this area of focus, we obtained an understanding of the Group's current inventories valuation policy, production processes and the types of costs included in the valuation of inventories. We selected a sample of inventories items and reperformed the calculation of the weighted average cost method and vouched the relevant purchase invoices.

The Group's disclosures regarding inventories are included in Notes 3.12 and 13 to the Financial Statements.

Company

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF HONG SENG CONSOLIDATED BERHAD

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 MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF HONG SENG CONSOLIDATED BERHAD

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, the subsidiary companies of which we have not acted as auditors are disclosed in Note 6 to the Financial Statements.

Other Matter

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.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

HOOI KOK MUN
(NO: 02207/01/2024 (J))
CHARTERED ACCOUNTANT

Kuala Lumpur
12 January 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	131,691,143	61,932,241	48,572	62,449
Intangible assets	5	-	13,750,000	-	-
Investment in subsidiary companies	6	-	-	10,614,010	10,075,208
Investment in a joint venture company	7	-	-	-	-
Investment in an associate company	8	20,000	-	-	-
Goodwill on consolidation	9	6,083,027	8,083,027	-	-
Other investments	10	9,520,033	9,519,943	9,519,943	9,519,943
Trade receivables	11	2,000,000	-	-	-
Fixed deposits with licensed banks	12	2,319,629	5,667,001	-	-
Total non-current assets		151,633,832	98,952,212	20,182,525	19,657,600
Current assets					
Inventories	13	23,915,967	9,000,086	-	-
Trade receivables	11	166,229,641	53,191,832	-	-
Other receivables	14	14,358,821	22,810,844	36,129,903	5,052,265
Amount due from subsidiary companies	6	-	-	291,366,045	133,821,833
Amount due from a joint venture company	7	53,117	25,500	41,000	25,000
Amount due from an associate company	8	269,473	-	-	-
Other investments	10	-	13,584	-	-
Tax recoverable		1,049,600	13,281	-	-
Fixed deposits with licensed banks	12	247,818	10,238,219	-	10,000,000
Cash and bank balances		74,181,222	142,379,159	5,502,748	95,716,816
Total current assets		280,305,659	237,672,505	333,039,696	244,615,914
Total assets		431,939,491	336,624,717	353,222,221	264,273,514

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 30 SEPTEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	15	251,446,486	250,615,397	251,446,486	250,615,397
Irredeemable convertible preference shares	16	35,878	56,765	35,878	56,765
Fair value reserve		(863,432)	(863,432)	(863,432)	(863,432)
Retained earnings		137,707,582	22,608,174	92,009,691	12,435,777
		388,326,514	272,416,904	342,628,623	262,244,507
Non-controlling interests	6	2,796,231	21,891,990	-	-
Total equity		391,122,745	294,308,894	342,628,623	262,244,507
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	558,951	592,867	-	-
Deferred tax liabilities	18	927,631	32,231	-	-
Bank borrowings	19	12,318,861	-	-	-
Total non-current liabilities		13,805,443	625,098	-	-
Current liabilities					
Trade payables	20	8,911,416	7,660,067	-	-
Other payables	21	11,097,676	13,268,750	299,045	265,062
Amount due to subsidiary companies	6	-	-	10,294,553	1,728,558
Lease liabilities	17	374,205	304,143	-	-
Bank borrowings	19	1,290,592	15,302,483	-	-
Tax payable		5,337,414	5,155,282	-	35,387
Total current liabilities		27,011,303	41,690,725	10,593,598	2,029,007
Total liabilities		40,816,746	42,315,823	10,593,598	2,029,007
Total equity and liabilities		431,939,491	336,624,717	353,222,221	264,273,514

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Group		Company	
		1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Revenue	22	198,400,746	146,968,810	72,261,000	-
Cost of sales		(115,232,077)	(95,532,172)	-	-
Gross profit		83,168,669	51,436,638	72,261,000	-
Other income	23	69,062,489	36,638,980	805,907	34,351,869
Interest income		830,497	1,359,918	393,671	1,200,547
Impairment (losses)/gains on financial assets		(6,754,478)	(1,838,939)	12,235,527	144,882
Selling and distribution expenses		(1,459,820)	(124,132)	-	-
Administration expenses		(23,403,292)	(14,578,789)	(2,743,114)	(3,973,907)
Other expenses		(2,107,813)	(2,536,554)	(3,387,412)	-
Finance costs		(631,357)	(508,647)	-	-
Share of loss of a joint venture company		-	(50)	-	-
Share of profit of associate companies		465,168	-	-	-
Profit before tax	24	119,170,063	69,848,425	79,565,579	31,723,391
Tax (expense)/income	25	(16,798,055)	(10,978,313)	8,335	(35,387)
Net profit for the financial year/period		102,372,008	58,870,112	79,573,914	31,688,004
Other comprehensive income					
Item that will not be subsequently reclassified to profit or loss:					
– Fair value adjustment on investment in unquoted shares					
		-	87,156	-	87,156
Total comprehensive income for the financial year/period		102,372,008	58,957,268	79,573,914	31,775,160

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Group		Company	
		1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Net profit for the financial year/period attributable to:					
Owners of the Company		97,191,503	46,365,803	79,573,914	31,688,004
Non-controlling interests		5,180,505	12,504,309	-	-
		102,372,008	58,870,112	79,573,914	31,688,004
Total comprehensive income attributable to:					
Owners of the Company		97,191,503	46,452,959	79,573,914	31,775,160
Non-controlling interests		5,180,505	12,504,309	-	-
		102,372,008	58,957,268	79,573,914	31,775,160
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	26	1.90	1.63		
- Diluted	26	1.43	1.62		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Attributable to Owners of the Company							Total RM
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	Fair value reserve RM	(Accumulated losses)/ Retained earnings RM	Non-controlling interests RM	Total RM	
Group								
Balance at 1 April 2020	46,146,632	39,822,853	66,394	(950,588)	(23,757,629)	-	61,327,662	61,327,662
Net profit for the financial period	-	-	-	-	46,365,803	12,504,309	58,870,112	58,870,112
Other comprehensive income for the financial period	-	-	-	87,156	-	-	87,156	87,156
Total comprehensive income for the financial period	-	-	-	87,156	46,365,803	12,504,309	46,452,959	58,957,268
Transactions with owners:								
Conversion of irredeemable convertible preference shares	159,064,350	(39,766,088)	-	-	-	-	119,298,262	119,298,262
Exercise of warrants	40,004,415	-	-	-	-	-	40,004,415	40,004,415
Exercise of ESOS	210,000	-	(60,372)	-	-	-	149,628	149,628
Acquisition of subsidiary companies	5,190,000	-	-	-	-	9,387,681	5,190,000	14,577,681
Reversal of share-based payment under ESOS	-	-	(6,022)	-	-	-	(6,022)	(6,022)
Total transactions with owners	204,468,765	(39,766,088)	(66,394)	-	-	9,387,681	164,636,283	174,023,964
Balance at 30 September 2021	250,615,397	56,765	-	(863,432)	22,608,174	21,891,990	272,416,904	294,308,894
Net profit for the financial year	-	-	-	-	97,191,503	5,180,505	97,191,503	102,372,008

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Attributable to Owners of the Company							Total RM
	Share capital RM	Irredeemable preference shares RM	Share option reserve RM	Fair value reserve RM	(Accumulated losses/ Retained earnings) RM	Non- controlling interests RM	Total RM	
Group (Cont'd)								
Transactions with owners:								
Conversion of irredeemable convertible preference shares	83,550	(20,887)	-	-	-	-	62,663	62,663
Exercise of warrants	747,539	-	-	-	-	-	747,539	747,539
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	6,000,490	6,000,490	6,000,490
Disposal of subsidiary companies	-	-	-	-	-	(5,369,854)	(5,369,854)	(5,369,854)
Derecognition of subsidiary companies	-	-	-	-	-	(5,470,905)	(5,470,905)	(5,470,905)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	-	17,907,905	(7,127,995)	10,779,910	10,779,910
Dividends received by non-controlling interests	-	-	-	-	-	(12,308,000)	(12,308,000)	(12,308,000)
Total transactions with owners	831,089	(20,887)	-	-	17,907,905	(24,276,264)	18,718,107	(5,558,157)
Balance at 30 September 2022	251,446,486	35,878	-	(863,432)	137,707,582	2,796,231	388,326,514	391,122,745

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Attributable to Owners of the Company					Total RM
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	Fair value reserve RM	(Accumulated losses)/ Retained earnings RM	
Company						
Balance at 1 April 2020	46,146,632	39,822,853	66,394	(950,588)	(19,252,227)	65,833,064
Net profit for the financial period	-	-	-	-	31,688,004	31,688,004
Other comprehensive income for the financial period	-	-	-	87,156	-	87,156
Total comprehensive income for the financial period	-	-	-	87,156	31,688,004	31,775,160
Transactions with owners:						
Conversion of irredeemable convertible preference shares	159,064,350	(39,766,088)	-	-	-	119,298,262
Exercise of warrants	40,004,415	-	-	-	-	40,004,415
Exercise of ESOS	210,000	-	(60,372)	-	-	149,628
Acquisition of subsidiary companies	5,190,000	-	-	-	-	5,190,000
Reversal of share-based payment under ESOS	-	-	(6,022)	-	-	(6,022)
Total transactions with owners	204,468,765	(39,766,088)	(66,394)	-	-	164,636,283
Balance at 30 September 2021	250,615,397	56,765	-	(863,432)	12,435,777	262,244,507
Net profit for the financial year	-	-	-	-	79,573,914	79,573,914
Transactions with owners:						
Conversion of irredeemable convertible preference shares	83,550	(20,887)	-	-	-	62,663
Exercise of warrants	747,539	-	-	-	-	747,539
Total transactions with owners	831,089	(20,887)	-	-	-	810,202
Balance at 30 September 2022	251,446,486	35,878	-	(863,432)	92,009,691	342,628,623

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Group		Company	
		1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
OPERATING ACTIVITIES					
Profit before tax		119,170,063	69,848,425	79,565,579	31,723,391
Adjustments for:					
Amortisation of intangible assets		3,000,000	1,250,000	-	-
Bad debts written off		-	61,323	-	-
Deposits written off		12,440	-	-	-
Depreciation		7,418,075	848,203	24,534	14,718
Gain from bargain purchases arising from acquisitions of subsidiary companies		-	(2,440,146)	-	-
Gain on derecognition of lease contract		-	(34,761)	-	-
(Gain)/Loss on disposal of associate companies		(1,579,026)	-	805,806	-
Gain on derecognition of subsidiary companies		(36,184,146)	-	-	-
Gain on disposal of subsidiary companies		(17,369,229)	(33,642,457)	(805,907)	(34,079,379)
Gain on disposal of other investment		(9,210,015)	-	-	-
Impairment loss on investment in subsidiary companies		-	-	2,561,000	-
Reversal of impairment loss on investment in subsidiary companies		-	-	-	(272,490)
Impairment loss on amount due from an associate company		180,000	-	-	-
Impairment loss on trade receivables		6,627,464	428,528	-	-
Reversal of impairment loss on trade receivables		(260,986)	(1,171,461)	-	-
Impairment loss on other receivables		208,000	-	-	-
Net reversal of impairment loss on amount due from subsidiary companies		-	-	(12,235,527)	(144,882)
Impairment loss on goodwill on consolidation		2,000,000	-	-	-
Intangible assets written off		-	10,000	-	-
Interest expenses		631,357	508,647	-	-
Interest income		(830,497)	(1,359,918)	(393,671)	(1,200,547)
Inventories written down		2,800,000	789,482	-	-
Inventories written off		113	-	-	-
Loss on remeasurement		-	1,603,701	-	-
(Gain)/Loss on disposal of property, plant and equipment		(764,203)	67,486	-	-
Property, plant and equipment written off		106,953	13,620	20,606	-
Rental rebates		-	(96,500)	-	-
Reversal of share-based payment under ESOS		-	(6,022)	-	(6,022)
Share of loss of a joint venture company		-	50	-	-
Share of profit of associate companies		(465,168)	-	-	-
Unrealised loss on foreign exchange		860	-	-	-
Waiver of debts		-	(30,392)	-	-
Dividend income		-	-	(72,261,000)	-

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Note	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
OPERATING ACTIVITIES (Cont'd)				
Operating profit/(loss) before working capital changes	75,492,055	36,647,808	(2,718,580)	(3,965,211)
Changes in working capital:				
Inventories	(14,215,545)	(8,905,961)	-	-
Receivables	(18,850,406)	(16,109,454)	5,049,650	(4,978,677)
Loan receivables	(122,951,496)	(27,526,735)	-	-
Payables	(4,993,670)	4,319,039	33,983	120,635
Contract costs	-	360,233	-	-
Contract liability	-	(771,345)	-	-
Cash (used in)/generated from operations	(85,519,062)	(11,986,415)	2,365,053	(8,823,253)
Interest paid	(631,357)	(508,647)	-	-
Tax paid	(11,880,559)	(6,109,815)	(27,052)	-
Net cash (used in)/from operating activities	(98,030,978)	(18,604,877)	2,338,001	(8,823,253)
INVESTING ACTIVITIES				
Acquisition of shares in subsidiary companies	(3,107,107)	(4,877,918)	(3,099,902)	(5,930,821)
Acquisition of non-controlling interests	10,779,910	-	-	-
Advances to a joint venture company	(27,617)	(25,000)	(16,000)	(25,000)
Advances to an associate company	(449,473)	-	-	-
Advances to subsidiary companies	-	-	(145,308,685)	(128,214,060)
Deposit paid for sublease of land	-	(11,173,140)	-	-
Dividend received	-	-	36,133,712	-
Interest received	830,497	1,359,918	393,671	1,200,547
Investment in a joint venture company	-	(50)	-	-
Investment in associate companies	(99,900)	-	(48,900)	-
Net cash inflow from disposal of subsidiary companies	25,173,026	34,396,235	-	-
Net cash inflow from derecognition of subsidiary companies	26,408,117	-	-	-
Proceeds from disposal of a subsidiary company	-	-	100	34,500,000
Proceeds from disposal of associate companies	3,149,001	-	49,001	-
Proceeds from disposal of other investment	11,000,000	-	-	-
Proceeds from disposal of property, plant and equipment	1,005,840	520,000	-	-
Purchase of intangible asset	-	(15,000,000)	-	-
Purchase of property, plant and equipment	(34,816,125)	(60,650,533)	(31,263)	(56,521)
Subscription by non-controlling interests in the shares of subsidiary companies	6,000,490	6,060,000	-	-
Net cash from/(used in) investing activities	45,846,659	(49,390,488)	(111,928,266)	(98,525,855)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Group		Company	
		1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
FINANCING ACTIVITIES					
Advance from subsidiary companies		-	-	8,565,995	1,103,402
Dividends paid to non-controlling interests		(12,308,000)	-	-	-
(Repayment)/Drawdown of short term bank borrowings		(15,634,273)	15,000,000	-	-
Uplift/(Placement) of fixed deposits pledged		1,837,158	(5,608,720)	-	-
Proceeds from issuance of shares, net of share issuance expenses		810,202	159,452,305	810,202	159,452,305
Repayment of lease liabilities		(464,347)	(267,229)	-	-
Net cash (used in)/from financing activities		(25,759,260)	168,576,356	9,376,197	160,555,707
CASH AND CASH EQUIVALENTS					
Net changes		(77,943,579)	100,580,991	(100,214,068)	53,206,599
Effect of foreign currency translation differences on cash and cash equivalents		(860)	-	-	-
At beginning of financial year/period		152,328,479	51,747,488	105,716,816	52,510,217
At end of financial year/period	B	74,384,040	152,328,479	5,502,748	105,716,816

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Total acquisition cost	35,735,404	61,388,943	31,263	56,521
Less: Additions of right-of-use assets with lease liabilities	(919,279)	(738,410)	-	-
Total cash acquisition	34,816,125	60,650,533	31,263	56,521

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Group		Company	
	1.10.2021	1.4.2020	1.10.2021	1.4.2020
	to	to	to	to
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM	RM	RM	RM
Other investments (Note 10)	-	13,584	-	-
Bank overdraft (Note 19)	-	(302,483)	-	-
Fixed deposits with licensed banks	2,567,447	15,905,220	-	10,000,000
Cash and bank balances	74,181,222	142,379,159	5,502,748	95,716,816
	76,748,669	157,995,480	5,502,748	105,716,816
Less: Fixed deposits pledged	(2,364,629)	(5,667,001)	-	-
	74,384,040	152,328,479	5,502,748	105,716,816

C. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	1.10.2021	1.4.2020	1.10.2021	1.4.2020
	to	to	to	to
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM	RM	RM	RM
Payment relating to short term leases	150,496	72,719	7,840	-
Payment relating to leases of low-value assets	-	10,290	-	10,290
Interest paid in relation to lease liabilities	66,346	85,352	-	-
Payment of lease liabilities	464,347	267,229	-	-
Total cash outflows for leases	681,189	435,590	7,840	10,290

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

NOTES TO THE FINANCIAL STATEMENT

30 SEPTEMBER 2022

1. GENERAL INFORMATION

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

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at C-01-3, Block C, Plaza Glomac, No. 6, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Company operates as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 12 January 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

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

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

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (Cont'd)

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting date.

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

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is the Company’s functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Adoption of amendments/improvements to MFRSs

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

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the current financial year.

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

2.5 Standards issued but not yet effective

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

Amendments to MFRSs effective 1 January 2022:-

Amendments to MFRS 3*	Business Combinations – Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137*#	Provision, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvement to MFRS Standards 2018 – 2020

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (Cont'd)

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

MFRS and Amendments to MFRSs effective 1 January 2023:-

Amendments to MFRS 4*#	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17*# and Amendments to MFRS 17*#	Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
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 effective 1 January 2024:-

Amendments to MFRS 116*#	Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements - Non-current Liabilities with Covenants

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10* and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to Company's operations

Not applicable to Group's operations

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

2.6 Significant accounting estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty

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

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 1 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 30 September 2022, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

Amortisation of intangible assets

Intangible assets are amortised for a period of 5 years based on management estimated useful life.

Impairment of non-financial assets

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

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

Provision for expected credit losses ("ECLs") of receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 30 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

Inventories

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

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Deferred tax assets

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

Income taxes and deferred tax liabilities

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

2.6.2 Significant management judgement

The following is the significant management judgement in applying the accounting policies of the Group that has the most significant effect on the financial statements.

Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for leases with renewal option.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all year/period presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiary companies

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

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

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

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting year/period.

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

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

3.1.3 Business combinations and goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.3 Business combinations and goodwill (Cont'd)

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

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

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

3.1.4 Loss of control

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

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

3.1.5 Non-controlling interests

Non-controlling interests at the reporting date, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.6 Associate and joint venture companies

Associate companies are entities in which the Group has significant influence, but no control, over their financial and operating policies.

A joint venture company is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate company and joint venture company are accounted for using the equity method. Under the equity method, investment in an associate company or a joint venture company is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate company or joint venture company since the acquisition date. Goodwill relating to the associate company or joint venture company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate company or a joint venture company is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate company or a joint venture company, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate company or joint venture company are eliminated to the extent of the interest in the associate company or joint venture company.

The aggregate of the Group's share of profit or loss of an associate company and a joint venture company is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate company or joint venture company.

When the Group's share of losses exceeds its interest in an associate company or a joint venture company, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate company or the joint venture company.

The financial statements of the associate company and joint venture company are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate company or joint venture company in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associate company or joint venture company.

The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associate company or joint venture company is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate company or joint venture company and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.6 Associate and joint venture companies (Cont'd)

Upon loss of significant influence over the associate company or joint control over the joint venture company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company or joint venture company upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate company decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in an associate company and a joint venture company are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Group's functional currency.

3.2.1 Foreign currency transactions and balances

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

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

All differences are taken to the profit or loss.

3.3 Property, plant and equipment

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

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

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment, that is, the amount obtained from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (Cont'd)

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

Buildings	2%
Tools and office equipment	10% – 33.33%
Furniture and fittings	8% – 20%
Factory equipment	10%
Laboratory and medical equipment	10% – 20%
Motor vehicles	20%
Computers	20% – 33.33%
Plant and machineries	10%
Renovations	10% – 20%

Freehold land with an infinite useful life is not depreciated. Work-in-progress consists of laboratory under construction and sublease of industrial land under construction/installation for intended use as production facilities. Assets under construction are not depreciated until they are completed and ready for their intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3.4 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.4.1 As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.4.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- Leasehold land – 50 years
- Premises – 1 to 5 years
- Motor vehicles – 7 years

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

3.4.1 As lessee (Cont'd)

3.4.1.1 Right-of-use assets (Cont'd)

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 3.8 to the Financial Statements.

On the statements of financial position, right-of-use assets have been included in property, plant and equipment.

3.4.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.4.1.3 COVID-19-related rent concessions

Malaysian Accounting Standards Board has issued COVID-19-related rent concessions – amendments to MFRS 16 Leases. The amendments provide relief to lessee from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence for COVID-19 pandemic.

If a rent concession results from a lease modification, the Group accounts for the rent concession as either a new lease or as a remeasurement of an existing lease liability.

If a rent concession does not result from a lease modification, the Group recognises the rent concession as rental rebates in the period in which the event or condition that triggers the reduced payment occurs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

3.4.1 As lessee (Cont'd)

3.4.1.3 COVID-19-related rent concessions (Cont'd)

The Group elected to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:-

- i. the change in lease payments results in revised consideration for the lease that is substantially the same as or less than, the consideration for the lease immediately preceding the change;
- ii. any reduction in lease payments affects only payments due on or before 30 September 2021; and
- iii. there is no substantive change to other terms and conditions of the lease.

The Group accounts for such COVID-19-related rent concessions as rental waivers/rebates in which the event or condition that triggers the reduced payment occurs. The Group presents the impacts of rent concessions within other income.

3.4.1.4 Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases. The Group and the Company also apply the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs and content database expenditure, are not capitalised and expenditure is reflected in the profit or loss in the year/period in which it incurred.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (Cont'd)

3.5.1 Trademarks, customer lists and relationships

These intangible assets were acquired in a business combination. The useful lives of these intangible assets are estimated to be indefinite because based on the current market share of the trademarks, management believes there is no foreseeable limit to the period over which trademarks and the customer lists and relationships are expected to generate net cash inflows for the Group.

3.5.2 Online platform

Online platform expenditures are carried at cost less accumulated amortisation and any accumulated impairment losses. The online platform has a finite useful life and is amortised on a straight-line basis over 5 years. The expected useful life is assessed for impairment whenever there is an indication that the online platform's function may be impaired. The amortisation period and the amortisation method is reviewed at least at each reporting date.

3.6 Financial instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. The Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI")" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company carry financial assets at amortised cost, financial assets at fair value through OCI (equity instruments) and financial assets at fair value through profit or loss on their statements of financial position.

Financial assets at amortised cost ("Amortised cost")

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's trade and other receivables, amount due from subsidiary companies, a joint venture company and an associate company and cash and cash equivalents fall into this category of financial instruments.

Financial assets designated at fair value through OCI (equity instruments) ("FVOCI")

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its investment in unquoted shares under this category.

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

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at fair value through profit or loss. Further, irrespective of business model, financial assets whose contractual cash flow are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedge accounting requirements apply.

Asset in this category is measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market exists.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

Impairment (Cont'd)

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost is credit-impaired. 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.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

3.6.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of lease liabilities and borrowing and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include bank borrowings, trade and other payables, lease liabilities and amount due to subsidiary companies.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (Cont'd)

3.6.3 Offsetting of financial instruments

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

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, bank overdraft and fixed deposits with licensed banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current.

3.8 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiary companies or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of non-financial assets (Cont'd)

Goodwill is tested for impairment annually as at each reporting date, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

3.9 Equity, reserves and distributions to owners

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

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Group's and the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Retained earnings include all current year's profits and prior period/years' retained profits.

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

3.10 Provisions

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

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

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

3.11 Borrowing costs

All borrowing costs are recognised as expenses in the financial year/period in which they incurred.

Borrowing cost consists of interest and other costs that the Group incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Inventories

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

Costs of raw materials for gloves, packing materials and consumables are determined on a weighted average basis which include all expenses incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods for gloves are determined using standard costing which includes cost of purchases, direct labours and other production costs. Cost of laboratory instruments and pharmaceutical and medical goods are determined on a first-in-first-out basis and comprises the original cost of purchase plus costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3.13 Employee benefits

3.13.1 Short term employee benefits

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

3.13.2 Defined contribution plans

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

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

3.14 Revenue from contracts with customers

3.14.1 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as services tax or goods and services tax.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue from contracts with customers (Cont'd)

3.14.1 Revenue recognition (Cont'd)

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

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

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services. The control over the goods or services is transferred over time and revenue is recognised over time if:-

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

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured on the basis of direct measurements of the values to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

Revenue from sales of advertising space on internet directories and third party online advertising services are recognised at a point in time upon rendering of services.

Revenue from the trading of raw materials and gloves is recognised at a point in time upon delivery of goods.

Revenue from training and seminars is recognised at a point in time upon completion of the training and seminars.

Revenue from marketplace services is recognised at a point in time upon successful arrangement of delivery or provision of goods or services.

Revenue from the medical diagnostic laboratory services is recognised at a point in time upon delivery of medical diagnostic results.

Revenue from the sales of pharmaceutical and medical goods is recognised at a point in time upon delivery of pharmaceutical and medical goods.

Loan interest income from financing schemes is recognised using the EIR method. EIR is a method of calculating the amortised cost of loan receivables and of allocating the corresponding interest income over the relevant year. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the receivable or, when appropriate, a shorter year to the net carrying amount of the loan receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue from contracts with customers (Cont'd)

3.14.1 Revenue recognition (Cont'd)

Interest income is recognised on a time proportion basis.

Management fee is recognised when services are rendered.

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

3.15 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

3.15.1 Current tax

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

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

3.15.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

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

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

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

3.16 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Related parties

A related party is a person or entity that is related to the Group or the Company and they could be:-

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Leasehold land RM	Tools and office equipment		Furniture and fittings RM	Factory equipment RM	Laboratory and medical equipment		Motor vehicles RM	Computer machineries RM	Plant and renovations RM	Work-in progress RM	Premises RM	Total RM	
				RM	RM			RM	RM							RM
At cost																
At 1 April 2020	-	-	-	969,076	122,466	-	-	1,070,307	915,012	-	2,027,468	-	-	874,637	5,978,966	
Additions	1,238,000	1,450,000	-	104,937	221,072	263,436	2,008,171	906,592	327,335	-	731,015	53,626,575	-	511,810	61,388,943	
Acquisition of subsidiary companies	-	-	-	12,361	80,672	-	257,082	-	130,887	-	342,694	-	-	349,563	1,173,259	
Disposals	-	-	-	-	-	-	-	(666,340)	-	-	-	-	-	-	(666,340)	
Disposal of a subsidiary company	-	-	-	-	(1,387)	-	-	-	(19,318)	-	-	-	-	-	(20,705)	
Written off	-	-	-	(104,784)	(119,868)	-	-	(77,542)	(716,580)	-	-	-	-	-	(1,018,774)	
Reversal	-	-	-	-	-	-	-	-	-	-	-	-	-	(874,637)	(874,637)	
At 30 September 2021	1,238,000	1,450,000	-	981,590	302,955	263,436	2,265,253	1,233,017	637,336	-	3,101,177	53,626,575	-	861,373	65,960,712	
Additions	-	613,554	-	124,565	70,235	227,790	979,775	1,568,263	210,156	699,715	22,429	30,997,483	-	231,439	35,735,404	
Acquisition of subsidiary companies	-	-	-	-	27,450	-	-	-	8,807	14,652,965	686,444	-	-	-	46,492,892	
Disposals	-	-	31,117,226	-	-	-	-	-	-	-	(686,444)	(5,840)	-	-	(692,284)	
Derecognition of subsidiary companies	-	-	-	(884,168)	(10,951)	-	-	(923,817)	(21,657)	-	(2,022,468)	(60,000)	-	(170,488)	(4,093,549)	
Written off	-	-	-	-	(38,417)	(65,000)	-	-	(40,797)	-	-	-	-	-	(144,214)	
Reclassification	-	39,200	-	-	-	-	-	-	-	74,684,238	-	(74,723,438)	-	-	-	
At 30 September 2022	1,238,000	2,102,754	31,117,226	221,987	351,272	426,226	3,245,028	1,867,463	793,845	90,036,918	1,101,138	9,834,780	922,324	143,258,961		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

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

Group (Cont'd)	Freehold	Buildings	Leasehold	Tools and	Furniture	Factory	Laboratory	Motor	Plant and	Work-in	Premises	Total
	land	RM	land	office	and fittings	equipment	and medical	vehicles	machineries	progress	RM	RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation												
At 1 April 2020	-	-	-	947,732	104,987	-	-	402,192	-	-	110,821	4,310,044
Charge for the financial period	-	3,625	-	15,976	25,082	3,674	99,646	212,997	-	-	304,283	848,203
Acquisition of subsidiary companies	-	-	-	3,260	31,205	-	67,204	-	-	-	60,972	250,120
Disposals	-	-	-	-	-	-	-	(78,854)	-	-	-	(78,854)
Disposal of a subsidiary company	-	-	-	-	(688)	-	-	-	-	-	-	(17,901)
Written off	-	-	-	(98,781)	(115,789)	-	-	(77,542)	-	-	-	(1,005,154)
Reversal	-	-	-	-	-	-	-	-	-	-	(277,987)	(277,987)
At 30 September 2021	-	3,625	-	868,187	44,797	3,674	166,850	468,793	-	-	198,089	4,028,471
Charge for the financial year	-	33,782	306,178	20,690	33,270	36,788	260,915	350,149	5,814,921	321	307,525	7,418,075
Acquisition of subsidiary companies	-	-	3,467,350	-	13,199	-	-	-	66,545	-	-	4,005,507
Disposals	-	-	-	-	-	-	-	-	(450,326)	(321)	-	(450,647)
Derecognition of subsidiary companies	-	-	-	(862,282)	(4,522)	-	-	(570,858)	-	-	(14,208)	(3,396,327)
Written off	-	-	-	-	(15,429)	(542)	-	-	-	-	-	(37,261)
At 30 September 2022	-	37,407	3,773,528	26,595	71,315	39,920	427,765	238,084	5,881,466	-	491,406	11,567,818
Net carrying amount												
At 30 September 2022	1,238,000	2,065,347	27,343,698	195,392	279,957	386,306	2,817,263	1,629,379	84,155,452	9,834,780	430,918	131,691,143
At 30 September 2021	1,238,000	1,446,375	-	113,403	258,158	259,762	2,098,403	774,224	-	53,626,575	663,284	61,932,241

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

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

Company	Computers RM	Office equipment RM	Total RM
Cost			
At 1 April 2020	30,920	2,598	33,518
Additions	48,851	7,670	56,521
At 30 September 2021	79,771	10,268	90,039
Additions	31,263	-	31,263
Written off	(20,710)	(10,268)	(30,978)
At 30 September 2022	90,324	-	90,324
Accumulated depreciation			
At 1 April 2020	12,770	102	12,872
Charge for the financial period	13,327	1,391	14,718
At 30 September 2021	26,097	1,493	27,590
Charge for the financial year	24,534	-	24,534
Written off	(8,879)	(1,493)	(10,372)
At 30 September 2022	41,752	-	41,752
Net carrying amount			
30 September 2022	48,572	-	48,572
30 September 2021	53,674	8,775	62,449

Information on right-of-use assets are as follows:-

Group	Carrying amount included in property, plant and equipment RM	Depreciation charged for the financial year RM	Additions RM
2022			
Leasehold land	27,343,698	306,178	-
Premises	430,918	307,525	231,439
Motor vehicles	509,034	174,834	712,040
Total right-of-use assets	28,283,650	788,537	943,479
2021			
Premises	663,284	304,283	511,810
Motor vehicles	324,787	119,774	392,811
Total right-of-use assets	988,071	424,057	904,621

The right-of-use assets are included in the same items as where the corresponding underlying assets would be presented if they were owned.

The leasehold land with net carrying amount of RM27,343,698 (2021: Nil) are pledged as securities for bank borrowings of the Group as disclosed in Note 19 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

5. INTANGIBLE ASSETS

Group	Trademarks RM	Customer lists and relationships RM	Online platform RM	Total RM
Cost				
At 1 April 2020	9,322,657	11,539,503	-	20,862,160
Addition	-	-	15,000,000	15,000,000
Acquisition of a subsidiary company	-	-	10,000	10,000
Written off	-	-	(10,000)	(10,000)
At 30 September 2021	9,322,657	11,539,503	15,000,000	35,862,160
Disposal of subsidiary companies	(9,322,657)	(11,539,503)	(15,000,000)	(35,862,160)
At 30 September 2022	-	-	-	-
Accumulated amortisation				
At 1 April 2020	-	-	-	-
Amortisation for the financial period	-	-	1,250,000	1,250,000
At 30 September 2021	-	-	1,250,000	1,250,000
Amortisation for the financial year	-	-	3,000,000	3,000,000
Disposal of subsidiary companies	-	-	(4,250,000)	(4,250,000)
At 30 September 2022	-	-	-	-
Accumulated impairment				
At 1 April 2020/30 September 2021	9,322,657	11,539,503	-	20,862,160
Disposal of subsidiary companies	(9,322,657)	(11,539,503)	-	(20,862,160)
At 30 September 2022	-	-	-	-
Net carrying amount				
30 September 2022	-	-	-	-
30 September 2021	-	-	13,750,000	13,750,000

Trademarks, customer lists and relationships

The trademarks related to “Superpages” directory journal and were acquired together with customer list and relationships in a business combination.

Online platform

Online platform referred to the Johor state portion of the “Jengu platform” held by NSB.

Impairment loss review

For the purpose of impairment testing, intangible assets had been allocated to cash generating units (“CGU”) according to respective subsidiary companies’ operations. The recoverable amounts of the CGU had been determined based on the value in use calculations using cash flows projections from financial budgets approved by management covering a five-year period. Based on the assessments at the previous reporting dates, the carrying amounts of the trademarks and customer lists and relationships were higher than their recoverable amounts, and therefore impairment losses were provided in prior years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES

Company	2022 RM	2021 RM
Unquoted shares:		
At cost	13,175,010	13,298,434
Less: Impairment loss		
At the beginning of financial year/period	(3,223,226)	(3,495,716)
Recognised	(2,561,000)	-
Written off	3,223,226	-
Reversal	-	272,490
At the end of financial year/period	(2,561,000)	(3,223,226)
	10,614,010	10,075,208

The Company conducted an impairment review of its investment in subsidiary companies at the reporting date, principally based on the Company's share of net assets in these subsidiary companies, which represents the Directors' estimation on fair value less costs to sell off these subsidiary companies. The review gave rise to the recognition of impairment in subsidiary companies which the impairment losses arose mainly due to the decline of their recoverable amounts.

The particulars of subsidiary companies are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2022 %	2021 %	
Cyber Business Solutions Sdn. Bhd. ("Cyber Business Solutions")	Malaysia	-	100	Provision of software solutions
HS Bio Sdn. Bhd. ("HS Bio")	Malaysia	100	100	Supply of medical and healthcare related products and related services in addition to the supply chain management services for the healthcare segment
HS Synergy Sdn. Bhd. ("HS Synergy")	Malaysia	100	100	Trading of latex
CBSA Bizhub Sdn. Bhd. ("CBSA Bizhub")	Malaysia	100	100	Investment holding
Hong Seng Capital Sdn. Bhd.	Malaysia	100	100	Money lending
HS Petchem Logistics Sdn. Bhd. ("HSPLSB")	Malaysia	100	100	Construction and operation of tank farm facilities for feedstocks storage and related integrated logistics services
Hong Seng Industries Sdn. Bhd. ("HSISB")	Malaysia	100	100	Manufacturing and trading of nitrile butadiene latex and other related business

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

The particulars of subsidiary companies are as follows:- (Cont'd)

Name of company	Principal place of business	Effective interest		Principal activities
		2022 %	2021 %	
Hong Seng Gloves Sdn. Bhd. ("HSGSB")	Malaysia	100	100	Manufacturing and trading of rubber gloves
HS Freight & Forwarding Sdn. Bhd. ("HFFSB")	Malaysia	-	100	Dormant
CASD Solutions Sdn. Bhd.	Malaysia	100	100	Investment holding
HC Global Limited *	Malaysia	100	100	Dormant
HS Bio Holdings Sdn. Bhd.	Malaysia	100	-	Dormant
HS Green Valley Sdn. Bhd. **	Malaysia	100	-	Dormant
Subsidiary companies of CBSA Bizhub:-				
CBSA International Sdn. Bhd.	Malaysia	100	100	Dormant
PanPages Online Sdn. Bhd. ("Panpages Online")	Malaysia	-	100	Research and development of local business platform, advertisement and online solutions
Subsidiary company of PanPages Online:-				
PanPages Media Sdn. Bhd. ("Panpages Media")	Malaysia	-	100	Engaging in publishing business directory journals
Subsidiary companies of HS Bio:-				
Pantasniaga Sdn. Bhd. ("PSB")	Malaysia	-	51	Wholesale of pharmaceutical and medical goods
Neogenix Laboratoire Sdn. Bhd. ("Neogenix Lab")	Malaysia	100	60	Providing services of medical diagnostic and research laboratory
eMedAsia Sdn. Bhd. ("eMedAsia")	Malaysia	60	52	Wholesale of pharmaceutical, medical and healthcare related products via an e-commerce platform
Neogenix Sdn. Bhd. ("NSB")	Malaysia	-	60	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services
HS Cloud Lab Sdn. Bhd. ("HS Cloud Lab")	Malaysia	100	-	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services and related logistic services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

The particulars of subsidiary companies are as follows:- (Cont'd)

Name of company	Principal place of business	Effective interest		Principal activities
		2022 %	2021 %	
Subsidiary company of				
CASD Solutions Sdn. Bhd.:-				
Aspire Knowledge Sdn. Bhd. ("Aspire")@	Malaysia	-	80	Providing human resources and training services
Subsidiary company of HSGSB:-				
Hypercove Sdn. Bhd. ("Hypercove")	Malaysia	100	-	Dormant
Subsidiary companies of				
Neogenix Lab:-				
Neogenix (Sabah) Sdn. Bhd. ("Neogenix Sabah")	Malaysia	60	90 ^{^^}	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services
Neogenix Evo Sdn. Bhd. ("Neogenix Evo")	Malaysia	60	60	Retail sale of pharmaceutical, medical and orthopaedic goods and medical laboratories
Neogenix (Sarawak) Sdn. Bhd. ("Neogenix Sarawak")	Malaysia	-	51	Dormant
Neogenix Food Science Sdn. Bhd.	Malaysia	100	100	Dormant
Premiumway Development Sdn. Bhd. ("PDSB")	Malaysia	100	-	Property investment
Neogenix Nexus Sdn. Bhd.	Malaysia	100	-	Dormant
Neogenix Care Sdn. Bhd.	Malaysia	100	-	Dormant

* Not required to be audited in the country of incorporation. The Directors have consolidated the result of this subsidiary company based on its management financial statements.

^{^^} Included in the previous financial period was 30% equity interest held by PSB.

** No statutory audit required as at the reporting date as the subsidiary company was newly incorporated during the financial year. The Directors have consolidated the results of the subsidiary company based on its management financial statements.

@ Grant Thornton Malaysia PLT was not the statutory auditors in the previous financial period.

6.1 Acquisition of subsidiary companies

2022

- On 29 October 2021, a wholly-owned subsidiary company of the Company, HSGSB entered into a shares sale agreement with a third party for the acquisition of the entire equity interest in Hypercove comprising 100,000 ordinary shares for a total cash consideration of RM2,200,000.
- On 26 January 2022, a wholly-owned subsidiary company of HS Bio, Neogenix Lab, entered into a shares sale agreement with third parties for the acquisition of the entire equity interest in PDSB comprising 1,000,000 ordinary shares for a total cash consideration of RM1,025,764.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.1 Acquisition of subsidiary companies (Cont'd)

2022 (Cont'd)

- (b) The effects of the acquisitions on the financial position of the Group as at the dates of acquisitions are as follows:-

	Hypercove RM	PDSB RM	Total RM
Property, plant and equipment	12,393,077	20,461,739	32,854,816
Inventories	3,511,250	-	3,511,250
Other receivables	-	59,741	59,741
Tax recoverable	-	99,945	99,945
Cash and bank balances	9,987	108,670	118,657
Trade payables	(5,636,594)	-	(5,636,594)
Other payables	(10,271,063)	(12,899,831)	(23,170,894)
Bank borrowings	-	(14,243,726)	(14,243,726)
Total net assets/(liabilities) acquired	6,657	(6,413,462)	(6,406,805)
Fair value adjustments on property, plant and equipment	2,193,343	7,439,226	9,632,569
Total purchase consideration	2,200,000	1,025,764	3,225,764
Less: Cash and cash equivalents acquired	(9,987)	(108,670)	(118,657)
Net cash inflows from acquisitions	2,190,013	917,094	3,107,107

2021

- (a) On 28 July 2020, the Company entered into a shares sale agreement with several vendors connected to certain Directors to acquire from the vendors, 2,000,000 ordinary shares in Hong Seng Priority Management Sdn. Bhd. ("HSPM") representing the entire equity interest in HSPM for a total cash consideration of RM420,621;
- (b) On 28 August 2020, a wholly-owned subsidiary company of the Company, HS Bio entered into a subscription agreement with a third party to acquire 2,500 ordinary shares representing 20% of the equity interest in eMedAsia for a total cash consideration of RM2,000,000. On 23 February 2021, HS Bio further acquired another 4,000 ordinary shares representing 32% of the equity interest in eMedAsia for a total consideration of RM5,190,000 settled by way of the issuance of 3,000,000 ordinary shares of the Company;
- (c) On 20 October 2020, HS Bio entered into a shares sale agreement with third parties to acquire 51,000 ordinary shares representing 51% of the equity interest in PSB for a total cash consideration of RM51;
- (d) On 31 December 2020, HS Bio entered into a shares sale agreement with a third party to acquire 120,000 ordinary shares representing 60% of the equity interest in Neogenix Lab for a total cash consideration of RM6,500,000. Neogenix Lab had a wholly-owned subsidiary company, Neogenix Evo on the acquisition date; and
- (e) On 8 July 2021, a wholly-owned subsidiary company of the Company, CASD Solutions Sdn. Bhd. entered into a shares sale agreement with third parties to acquire 80,000 ordinary shares representing 80% of the equity interest in Aspire for a total cash consideration of RM32,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.1 Acquisition of subsidiary companies (Cont'd)

2021 (Cont'd)

The effects of the acquisitions on the financial position of the Group as at the dates of acquisitions are as follows:-

	HSPM RM	eMedAsia RM	PSB RM	Neogenix Evo RM	Aspire RM	Total RM
Property, plant and equipment	863	3,719	2	918,555	-	923,139
Intangible assets	-	10,000	-	-	-	10,000
Inventories	-	-	-	883,607	-	883,607
Trade receivables	20,233,530	101,780	10,644,000	4,448,402	117,013	35,544,725
Other receivables	200	5,765	87,138	432,920	43,360	569,383
Fixed deposits with licensed banks	-	100,000	-	-	-	100,000
Cash and bank balances	180,082	2,040,077	98,522	1,612,275	43,798	3,974,754
Tax recoverable	68,464	-	-	-	-	68,464
Trade payables	(24,529)	(130,444)	(8,030,168)	(2,150,875)	(11,200)	(10,347,216)
Other payables	(18,019,779)	(149,400)	(1,793,398)	(624,782)	(103,111)	(20,690,470)
Lease liabilities	-	-	-	(294,780)	-	(294,780)
Deferred tax liabilities	(471)	-	-	(32,231)	-	(32,702)
Tax payable	-	-	(255,958)	(229,175)	-	(485,133)
Total net assets acquired	2,438,360	1,981,497	750,138	4,963,916	89,860	10,223,771
Non-controlling interests	-	(951,119)	(367,568)	(1,991,022)	(17,972)	(3,327,681)
Goodwill on consolidation	-	4,555,921	-	3,527,106	-	8,083,027
Loss on remeasurement	-	1,603,701	-	-	-	1,603,701
Gain from bargain purchases	(2,017,739)	-	(382,519)	-	(39,888)	(2,440,146)
Total purchase consideration	420,621	7,190,000	51	6,500,000	32,000	14,142,672
Less: Cash and cash equivalents acquired	(180,082)	(2,140,077)	(98,522)	(1,612,275)	(43,798)	(4,074,754)
Less: Purchase consideration settled by way of issuance of shares	-	(5,190,000)	-	-	-	(5,190,000)
Net cash inflows/(outflows) from acquisitions	240,539	(140,077)	(98,471)	4,887,725	(11,798)	4,877,918

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.2 Changes in ownership interests in subsidiary companies

2022

- (a) On 3 January 2022, HS Bio entered into a shares sale agreement with certain Directors of certain subsidiary companies to acquire 80,000 ordinary shares representing 40% of the equity interest in Neogenix Lab for a total cash consideration of RM3,400,000. As a result, the Company's effective equity interest in Neogenix Lab has increased from 60% to 100%. The Group recognised a decrease in non-controlling interests of RM3,666,075 and an increase in retained earnings of RM266,075;
- (b) On 29 March 2022, Neogenix Lab entered into a shares sale agreement with a third party to acquire 90 ordinary shares representing 9% of the equity interest in Neogenix Sarawak for a total cash consideration of RM90, increasing its effective ownership from 51% to 60%. As a result, the Group recognised an increase in non-controlling interests of RM2,458 and a decrease in retained earnings of RM2,548;
- (c) On 30 March 2022, HS Bio subscribed for 11,500 ordinary shares representing 8% of the enlarged issued and paid-up share capital in eMedAsia for a total cash consideration of RM2,400,000, increasing its effective ownership from 52% to 60%. On 27 May 2022, HS Bio entered into a shares sale agreement with a third party to acquire 6,000 ordinary shares representing 20% of the entire equity interest in eMedAsia for a total cash consideration of RM6,000,000, increasing its effective ownership from 60% to 80%. On 5 August 2022, HS Bio entered into another shares sale agreement with a company in which a Director is a common director to dispose 6,000 ordinary shares representing 20% of the entire equity interest in eMedAsia for a total cash consideration of RM20,000,000. As a result, HS Bio's equity interest in eMedAsia was diluted from 80% to 60%. The Group recognised a decrease in non-controlling interests of RM3,678,034 and an increase in retained earnings of RM17,678,034; and
- (d) On 24 June 2022, HS Bio entered into a shares sale agreement with a third party to dispose 35,000 ordinary shares representing 35% of equity interest in PSB for a total cash consideration of RM24,000,000. PSB had 30% equity interest in Neogenix Sabah on the disposal date. Subsequent to the disposal, the Company's equity interest in Neogenix Sabah was diluted from 75.30% to 60%. The Group recognised an increase in non-controlling interests of RM213,656 and a decrease in retained earnings of RM33,656.

There were no changes in ownership interests in subsidiary companies in the previous financial period.

6.3 Incorporation of new subsidiary companies and subscription of shares in subsidiary companies

2022

- (a) On 7 October 2021, HS Bio incorporated a wholly-owned subsidiary company, HS Cloud Lab with an issued and paid-up share capital of RM100. On 11 August 2022, HS Bio further subscribed for 900 ordinary shares in HS Cloud Lab for a total cash consideration of RM900;
- (b) On 26 October 2021, the Company further subscribed for 999,900 ordinary shares in HSPLSB for a total cash consideration of RM999,900;
- (c) On 12 January 2022, the Company incorporated a wholly-owned subsidiary company, HS Bio Holdings Sdn. Bhd. with an issued and paid-up share capital of RM2,100,000;
- (d) On 15 March 2022, Neogenix Lab incorporated two wholly-owned subsidiary companies, namely Neogenix Nexus Sdn. Bhd. and Neogenix Care Sdn. Bhd. with an issued and paid-up share capital of RM100 each; and
- (e) On 14 July 2022, the Company incorporated a wholly-owned subsidiary company, HS Green Valley Sdn. Bhd. with an issued and paid-up share capital of RM2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.3 Incorporation of new subsidiary companies and subscription of shares in subsidiary companies (Cont'd)

2021

- (a) On 27 August 2020, 4 September 2020 and 2 November 2020, the Company subscribed for and acquired an additional net number of 2,000,000 ordinary shares of HS Bio for a total cash consideration of RM2,000,000;
- (b) On 7 August 2020, the Company incorporated a wholly-owned subsidiary company, HSGSB with an issued and paid-up share capital of RM100. On 4 February 2021, the Company further subscribed for 2,499,900 ordinary shares in HSGSB for a total consideration of RM2,499,900;
- (c) On 22 October 2020, the Company incorporated a wholly-owned subsidiary company, HSPLSB with an issued and paid-up share capital of RM100;
- (d) On 2 December 2020, the Company incorporated a wholly-owned subsidiary company, HSISB with an issued and paid-up share capital of RM100. On 25 January 2021, the Company further subscribed for 999,900 ordinary shares in HSISB for a total cash consideration of RM999,900;
- (e) On 9 February 2021, the Company acquired 100 ordinary shares representing the entire equity interest in CASD Solutions Sdn. Bhd. from its wholly-owned subsidiary company, HS Synergy for a total cash consideration of RM10,000;
- (f) On 29 January 2021, Neogenix Lab incorporated a wholly-owned subsidiary company, Neogenix Sabah with an issued and paid-up share capital of RM100. On 25 March 2021 and 12 July 2021, Neogenix Lab further subscribed for net 359,900 ordinary shares in Neogenix Sabah for a total cash consideration of RM359,900;
- (g) On 23 April 2021, HS Bio incorporated a wholly-owned subsidiary company, NSB with an issued and paid-up share capital of RM100. On 20 May 2021, HS Bio further subscribed for 8,999,900 ordinary shares representing 60% of the equity interest for a total cash consideration of RM8,999,900;
- (h) On 19 May 2021, the Company incorporated a wholly-owned subsidiary company, HFFSB with an issued and paid-up share capital of RM100;
- (i) On 16 July 2021, Neogenix Lab incorporated a subsidiary company, Neogenix Sarawak with Tancah Sdn. Bhd. and Isaac Siow Hee Chieh with a total issued and paid-up share capital of RM1,000. Neogenix Lab owns 51% of the equity interest; and
- (j) On 21 September 2021, Neogenix Lab incorporated a wholly-owned subsidiary company, Neogenix Food Science Sdn. Bhd. with an issued and paid-up share capital of RM1,000.

6.4 Disposal of subsidiary companies

2022

- (a) On 8 December 2021, CASD Solutions Sdn. Bhd. entered into a shares sale agreement with third parties to dispose 80% equity interest in Aspire comprising 80,000 ordinary shares for a total cash consideration of RM8,000,000; and
- (b) On 24 August 2022, HS Bio entered into a shares sale agreement with a third party to dispose 9,000,000 ordinary shares representing 60% of the entire equity interest in NSB for a total cash consideration of RM20,000,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.4 Disposal of subsidiary companies (Cont'd)

2022 (Cont'd)

The effects of the disposals on the financial position of the Group as at the date of disposals are as follows:-

	Aspire RM	NSB RM	Total RM
Inventories	-	10,801	10,801
Trade receivables	9,568,855	-	9,568,855
Other receivables	200	308,060	308,260
Intangible assets	-	10,750,000	10,750,000
Cash and bank balances	2,454,735	372,239	2,826,974
Trade payables	-	(621,316)	(621,316)
Other payables	(4,311,484)	(17,000)	(4,328,484)
Tax (payable)/recoverable	(2,560,328)	45,863	(2,514,465)
Net assets	5,151,978	10,848,647	16,000,625
Non-controlling interests	(1,030,395)	(4,339,459)	(5,369,854)
Gain on disposals	3,878,417	13,490,812	17,369,229
Proceeds from disposals	8,000,000	20,000,000	28,000,000
Less: Cash and cash equivalents disposed	(2,454,735)	(372,239)	(2,826,974)
Net cash inflows from disposals	5,545,265	19,627,761	25,173,026

2021

On 24 September 2021, the Company entered into a shares sale agreement with a third party to dispose the entire equity interest in HSPM comprising 2,000,000 ordinary shares for a total cash consideration of RM34,500,000.

The effect of the disposal on the financial position of the Group as at the date of disposal is as follows:-

	RM
Property, plant and equipment	2,804
Trade receivables	16,760,223
Other receivables	200
Cash and bank balances	103,765
Trade payables	(5,754,529)
Other payables	(10,120,248)
Tax payable	(134,672)
Net assets disposed	857,543
Gain on disposal	33,642,457
Proceeds from disposal	34,500,000
Less: Cash and cash equivalents disposed	(103,765)
Net cash inflows from disposal	34,396,235

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.5 Derecognition of subsidiary companies

2022

- (a) On 30 November 2021, HFFSB further issued 99,900 new ordinary shares for a total cash consideration of RM99,900. The Company further subscribed for 48,900 ordinary shares for a total cash consideration RM48,900. As a result, the Company's equity interest in HFFSB was diluted from 100% to 49% from investment in a subsidiary company to investment in an associate company.

Subsequently, on 15 August 2022, the Company entered into a shares sale agreement with a related party to dispose 49,000 ordinary shares representing 49% of the entire equity interest in HFFSB for a total cash consideration of RM49,000.

- (b) On 24 December 2021, the Company entered into a shares sale agreement with a third party to dispose 75% equity interest in Cyber Business Solutions comprising 2,417,420 ordinary shares for a total cash consideration of RM100.

Subsequently, on 23 March 2022, the Company entered into a shares sale agreement with a third party to dispose the remaining 25% equity interest in Cyber Business Solutions comprising 805,806 ordinary shares for a total cash consideration of RM1.

- (c) On 24 December 2021, CBSA Bizhub entered into a shares sale agreement with a third party to dispose 75% equity interest in Panpages Online comprising 750,000 ordinary shares, together with its subsidiary company, Panpages Media for a total cash consideration of RM9,500,000. Panpages Online owned the entire issued and paid-up share capital of Panpages Media at the date of disposal. Panpages Online and Panpages Media collectively referred as "Panpages Group".

Subsequently, on 23 March 2022, CBSA Bizhub entered into a shares sale agreement with a third party to dispose the remaining 25% equity interest in Panpages Group for a total cash consideration of RM3,100,000.

- (d) On 30 March 2022, Neogenix Lab entered into a shares sale agreement with a third party to dispose 510 ordinary shares representing 51% of the equity interest in Neogenix Sarawak for a total cash consideration of RM5,000,000.

- (e) On 24 June 2022, HS Bio entered into a shares sale agreement with a third party to dispose 35,000 ordinary shares representing 35% of the equity interest in PSB for a total cash consideration of RM24,000,000.

Subsequently, on 26 September 2022, HS Bio entered into a shares sale agreement with a third party to dispose the remaining 16% equity interest in PSB for a total cash consideration of RM11,000,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.5 Derecognition of subsidiary companies (Cont'd)

2022 (Cont'd)

The effects of the derecognition on the financial position of the Group as at the date of derecognition are as follows:-

	Cyber Business Solutions RM	Panpages Group RM	HFFSB RM	Neogenix Sarawak RM	PSB RM	Total RM
Property, plant and equipment	-	89,952	-	156,280	450,990	697,222
Investment in associate companies	-	-	-	-	211,000	211,000
Trade receivables	-	12,037	-	-	1,474,429	1,486,466
Other receivables	6,586,943	10,093,884	1,000	169,500	294,031	17,145,358
Fixed deposits with licensed banks	-	-	-	-	1,465,214	1,465,214
Cash and bank balances	14,446	43,922	100	323,000	11,872,998	12,254,466
Trade payables	-	(224,830)	-	-	(831,010)	(1,055,840)
Other payables	(20,951)	(16,956,158)	(10,661)	(518,311)	(1,221,822)	(18,727,903)
Lease liabilities	-	(2,051)	-	(157,775)	(258,960)	(418,786)
Bank borrowings	-	(162,483)	-	-	-	(162,483)
Tax (payable)/recoverable	7,595	-	-	-	(2,269,468)	(2,261,873)
Net assets/(liabilities)	6,588,033	(7,105,727)	(9,561)	(27,306)	11,187,402	10,632,841
Non-controlling interests	-	-	-	10,922	(5,481,827)	(5,470,905)
Fair values of equity interests retained as associate companies	(805,807)	(250,000)	(100)	-	-	(1,055,907)
Fair values of equity interests retained as other investments	-	-	-	(90)	(1,789,985)	(1,790,075)
Gain/(Loss) on derecognition	(5,782,126)	16,855,727	9,661	5,016,474	20,084,410	36,184,146
Proceeds from derecognition	100	9,500,000	-	5,000,000	24,000,000	38,500,100
Less: Cash and cash equivalents derecognised	(14,446)	118,561	(100)	(323,000)	(11,872,998)	(12,091,983)
Net cash inflows/(outflows) from derecognition	(14,346)	9,618,561	(100)	4,677,000	12,127,002	26,408,117

There was no derecognition of subsidiary companies in the previous financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.6 Non-controlling interests in subsidiary companies

The Group's subsidiary companies that have material non-controlling interests ("NCI") are as follows:-

2022	<u>eMedAsia</u>				
Percentage of ownership interests held by NCI (%)	40%				
Carrying amount of NCI (RM)	2,551,274				
Loss allocated to NCI (RM)	(577,715)				

2021	<u>eMedAsia</u>	<u>PSB</u>	<u>Neogenix Lab</u>	<u>NSB</u>	<u>Aspire</u>
Percentage of ownership interests held by NCI (%)	48%	49%	40%	40%	20%
Carrying amount of NCI (RM)	807,022	10,440,839	3,372,090	5,607,500	1,646,238
(Loss)/Profit allocated to NCI (RM)	(144,097)	10,073,271	1,393,217	(392,500)	1,628,266

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests is as below:-

	<u>eMedAsia RM</u>
Summary of financial position as at 30 September 2022	
Non-current asset	11,875
Current assets	8,647,910
Current liabilities	(186,853)
Net assets	<u>8,472,932</u>
Summary of financial performance for the financial year ended 30 September 2022	
Net loss/Total comprehensive loss	<u>(1,608,362)</u>
Revenue included in the net loss/Total comprehensive loss	<u>7,408,833</u>
Summary of cash flows for the financial year ended 30 September 2022	
Net cash outflows used in operating activities	(2,812,448)
Net cash outflows used in investing activities	(4,738)
Net cash inflows from financing activity	8,400,000
Net cash inflows	<u>5,582,814</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.6 Non-controlling interests in subsidiary companies (Cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests is as below:- (Cont'd)

	eMedAsia RM	PSB RM	Neogenix Lab RM	NSB RM	Aspire RM
Summary of financial position as at 30 September 2021					
Non-current assets	14,326	6,231,803	3,715,591	13,750,000	-
Current assets	3,861,516	34,348,815	12,659,858	1,792,996	12,652,325
Non-current liabilities	-	(179,278)	(244,215)	-	-
Current liabilities	(2,194,547)	(19,093,507)	(7,701,008)	(1,524,246)	(4,421,134)
Net assets	1,681,295	21,307,833	8,430,226	14,018,750	8,231,191
Summary of post-acquisition financial performance for the financial period ended 30 September 2021					
Net (loss)/profit/Total comprehensive (loss)/income	(300,202)	20,557,695	3,483,043	(981,250)	8,141,331
Revenue included in the net loss/profit/Total comprehensive loss/income	1,361,662	108,031,007	19,589,796	1,985,050	12,483,522
Summary of cash flows for the financial period ended 30 September 2021					
Net cash inflows/(outflows) from/(used in) operating activities	1,031,685	15,432,441	2,758,337	1,595,350	(21,818)
Net cash outflows used in investing activities	(21,641)	(650,932)	(2,920,033)	(16,480,000)	-
Net cash inflows from financing activities	2,010,000	9,357,481	830,098	15,041,000	-
Net cash inflows/(outflows)	3,020,044	24,138,990	668,402	156,350	(21,818)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

6. SUBSIDIARY COMPANIES (CONT'D)

6.7 Amounts due from/(to) subsidiary companies

Company

	2022 RM	2021 RM
Amount due from subsidiary companies	309,948,263	164,639,578
Less: Impairment		
At the beginning of financial year/period	(30,817,745)	(30,962,627)
Recognised	(1,162,453)	-
Reversal	13,397,980	144,882
At the end of financial year/period	(18,582,218)	(30,817,745)
	291,366,045	133,821,833

The amounts due from/(to) subsidiary companies are non-trade in nature, unsecured, bear no interest and receivable/repayable on demand.

7. JOINT VENTURE COMPANY

Group

Investment in a joint venture company

	2022 RM	2021 RM
Unquoted shares:		
At cost	50	50
Share of loss of a joint venture company	(50)	(50)
	-	-

The particulars of the joint venture company are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2022 %	2021 %	
HS Ligno Sdn. Bhd. ("HS Ligno")	Malaysia	50	50	Supply healthcare related products and services

Group and Company

Amount due from a joint venture company

The amount due from a joint venture company is non-trade in nature, unsecured, interest-free and receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

8. ASSOCIATE COMPANY

Group

Investment in an associate company

	2022	2021
	RM	RM
Unquoted shares:		
At cost	20,000	-

The particulars of the associate company are as follows:-

Name of company	Principal place of business	Effective interest		Principal activity
		2022	2021	
		%	%	
Straits Genomics Sdn. Bhd.	Malaysia	20	-	Dormant

Amount due from an associate company

Group	2022	2021
	RM	RM
Amount due from an associate company	449,473	-
Less: Impairment		
At the beginning of financial year/period	-	-
Recognised	(180,000)	-
At the end of financial year/period	(180,000)	-
	269,473	-

The amount due from an associate company is non-trade in nature, unsecured, interest-free and receivable on demand.

9. GOODWILL ON CONSOLIDATION

Group	2022	2021
	RM	RM
<u>Healthcare</u>		
At the beginning of financial year/period	8,083,027	-
Additions	-	8,083,027
Less: Impairment loss recognised during the financial year/period	(2,000,000)	-
At the end of financial year/period	6,083,027	8,083,027

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

9. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of the CGU is determined based on the value in use calculation using discounted cash flows projections based on financial budgets approved by the management covering a five-year period.

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

	Growth rate		Discount rate	
	2022 %	2021 %	2022 %	2021 %
Healthcare	1 – 5	1 – 5	7.77	6.72 – 7.29

The following describes each key assumption on which management has based its discounted cash flows projections to undertake impairment testing of goodwill:-

(i) Growth rate

The projected growth rate was based on actual operating results and a 5-year business plan.

(ii) Discount rate

The discount rate was estimated based on the weighted average cost of capital of the Group.

Based on the assessment, the carrying amount of the goodwill was higher than its recoverable amount, and an impairment loss of RM2,000,000 (2021: Nil) was recognised and included in other expenses.

Management believes that no reasonably possible changes in the key assumptions used except for changes in the prevailing operating environments could cause the carrying amounts of goodwill to materially exceed their recoverable amounts.

10. OTHER INVESTMENTS

	2022 RM	2021 RM
Group		
Current		
Financial assets at FVTPL:		
– Investment in quoted money market funds	-	13,584
Non-current		
Financial assets at FVOCI:		
– Investment in unquoted shares	9,520,033	9,519,943
Fair value of quoted investment (Level 1)	-	13,584
Fair value of unquoted investments (Level 3)	9,520,033	9,519,943

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

10. OTHER INVESTMENTS (CONT'D)

	2022	2021
	RM	RM
Company		
Non-current		
Financial assets at FVOCI:		
– Investment in unquoted shares	9,519,943	9,519,943
Fair value of unquoted investments (Level 3)	9,519,943	9,519,943

Details of the Level 3 fair value measured are as follows:-

<u>Valuation method and key inputs</u>	<u>Significant unobservable inputs</u>	<u>Relationship of unobservable inputs and fair value</u>
Adjusted net assets method which derives the fair value of an investee's equity instrument by reference to the fair value of its assets and liabilities.	Fair value of individual assets and liabilities.	The higher the net assets, the higher the fair value.

Investment in unquoted shares designated at FVOCI

The Group and the Company designated the investment in G-Mart Borneo Retail Sdn. Bhd. and Neogenix Sarawak as FVOCI because the Group and the Company intend to hold the investment for long-term strategic purposes.

11. TRADE RECEIVABLES

Group	2022	2021
	RM	RM
Trade receivables	174,990,011	61,701,512
Less: Impairment loss		
At the beginning of financial year/period	(8,509,680)	(9,252,613)
Recognised	(6,627,464)	(428,528)
Reversal	260,986	1,171,461
Written off	8,115,788	-
At the end of financial year/period	(6,760,370)	(8,509,680)
	168,229,641	53,191,832
Presented as:		
Non-current	2,000,000	-
Current	166,229,641	53,191,832
	168,229,641	53,191,832

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

11. TRADE RECEIVABLES (CONT'D)

Trade receivables are non-interest bearing and are generally on 1 to 18 months (2021: 1 to 12 months) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The impairment loss on trade receivables was reversed during the financial year/period as a result of credit notes issued and/or receipts.

Included in trade receivables is an amount of RM5,918 (2021: RM18,896) due from a company in which certain Directors have interest.

Included in trade receivables are loan receivables of RM144,868,208 (2021: RM27,526,735) arising from the moneylending business of the Group.

12. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks of RM2,364,629 (2021: RM5,667,001) are pledged as security for bank guarantee facilities granted to certain subsidiary companies.

The effective interest rates for fixed deposits with licensed banks range from 1.50% to 2.15% (2021: 1.50% to 3.10%) per annum.

Company

In the previous financial period, the interest rates of the fixed deposits with licensed banks were at a range between 1.55% to 2.80% per annum with maturity dates of 1 to 12 months.

13. INVENTORIES

Group

	2022 RM	2021 RM
Laboratory instruments	1,233,374	2,545,960
Pharmaceutical and medical goods	1,387,686	887,046
Raw materials for gloves	5,089,762	5,567,080
Work in progress for gloves	16,205,145	-
	23,915,967	9,000,086
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	100,630,706	86,284,674
Inventories written down	2,800,000	789,482
Inventories written off	113	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

14. OTHER RECEIVABLES

Group	2022	2021
	RM	RM
Deposits (i)	12,379,453	11,829,958
Prepayments	532,211	5,571,119
Non-trade receivables (ii)	1,655,157	5,409,767
Less: Impairment loss		
At the beginning of financial year/period	-	-
Recognised	(208,000)	-
At the end of financial year/period	(208,000)	-
	14,358,821	22,810,844

- (i) Included in deposits are amounts of RM390,000 (2021: RM390,000) and RM11,173,140 (2021: RM11,173,140) paid to a company in which certain Directors have interests and paid for the sublease of industrial land located in Kedah, respectively.
- (ii) Included in non-trade receivables are amounts of RM16,000 and Nil (2021: RM5,004,328 and RM45,021) due from a company in which a Director and a former Director has interest, respectively.

Company	2022	2021
	RM	RM
Deposits	1,220	1,850
Prepayments	300	14,000
Non-trade receivables	1,095	5,036,415
Dividend receivables	36,127,288	-
	36,129,903	5,052,265

Included in non-trade receivables in the previous financial period was an amount of RM5,004,328 due from a company in which a Director has interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

15. SHARE CAPITAL

Group and Company

	Number of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issued and fully paid:				
At the beginning of financial year/period	2,552,437,184	318,582,822	250,615,397	46,146,632
Conversion of irredeemable convertible preference shares	835,500	898,034,600	83,550	159,064,350
Exercise of warrants	935,700	191,305,020	747,539	40,004,415
Exercise of Employees' Share Option Scheme ("ESOS")	-	600,000	-	210,000
Acquisition of a subsidiary company	-	3,000,000	-	5,190,000
Share split	-	1,140,914,742	-	-
Bonus Issue (Note 33)	2,554,208,384	-	-	-
At the end of financial year/period	5,108,416,768	2,552,437,184	251,446,486	250,615,397

16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Group and Company

	Number of ICPS		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issued and fully paid:				
At the beginning of financial year/period	2,270,610	796,457,055	56,765	39,822,853
Conversion of ICPS	(835,500)	(898,034,600)	(20,887)	(39,766,088)
Share split	-	103,848,155	-	-
Bonus Issue (Note 33)	1,435,110	-	-	-
At the end of financial year/period	2,870,220	2,270,610	35,878	56,765

The salient terms of the ICPS are as follows:-

- (a) The subscription price is RM0.0125 (RM0.025 before the Bonus Issue) each and are convertible within 5 years commencing from the issue of the ICPS with conversion ratio and the conversion price determined as follows:-
 - (i) the conversion price for the ICPS to be converted into 1 new ordinary share of the Company at RM0.05 (RM0.10 before the Bonus Issue) based on the conversion ratio; and
 - (ii) The conversion ratio of the ICPS for 1 new ordinary share of the Company is either by 4 ICPS to be converted into 1 ordinary share or a combination of 1 ICPS and RM0.0375 (RM0.075 before the Bonus Issue) in cash for 1 ordinary share.
- (b) Any remaining ICPS that are not converted within 5 years commencing from the issuance of the ICPS shall be automatically converted into ordinary shares of the Company at the conversion ratio of 4 ICPS to be converted into 1 ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONT'D)

The salient terms of the ICPS are as follows:- (Cont'd)

- (c) The Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be paid in priority over the ordinary shares of the Company.
- (d) The ICPS holders are not entitled to any voting right and unless such holders convert their ICPS into new shares except for the following circumstances:-
- (i) when the dividend or part of dividend on the ICPS is in arrears for more than 6 months; or
 - (ii) on a proposal to reduce the capital of the Company's shares; or
 - (iii) on a proposal for sanctioning the sale of the whole of the Company's property, business and undertaking; or
 - (iv) on a proposal that directly affects the rights and privileges attached to the ICPS; or
 - (v) on a proposal to wind-up the Company; or
 - (vi) during the winding-up of the Company.

17. LEASE LIABILITIES

Group and Company

The Group has lease contracts for premises and motor vehicles. Generally, the Group is restricted from assigning and subleasing the leased assets. Extension and termination options on lease contracts are further discussed below. The Group and the Company also have certain leases of premises with lease terms of 12 months or less. The Group and the Company apply the "short-term lease" recognition exemptions for these leases.

Group	2022 RM	2021 RM
Current	374,205	304,143
Non-current	558,951	592,867
	933,156	897,010

Set out below is the movement of lease liabilities during the financial year/period:-

Group	2022 RM	2021 RM
At the beginning of financial year/period	897,010	858,960
Acquisition of subsidiary companies	-	294,780
Additions	919,279	738,410
Lease interest	66,346	85,352
Payment for interest	(66,346)	(85,352)
Rental rebates	-	(96,500)
Reversal	-	(631,411)
Lease payments/cash outflows	(464,347)	(267,229)
Derecognition of subsidiary companies	(418,786)	-
At the end of financial year/period	933,156	897,010

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

17. LEASE LIABILITIES (CONT'D)

The lease liabilities are secured by the related underlying assets.

The table below describes the nature of the Group's leasing activities by the types of right-of-use assets recognised in property, plant and equipment on the statements of financial position:-

Right-of-use assets	Range of remaining term	Number of leases with extension options	Number of leases with variable payment linked to an index	Number of leases with termination options
2022				
Leasehold land	44 – 46 years	-	-	-
Motor vehicles	4 – 5 years	-	-	-
Premises	1 – 3 years	14	-	-
2021				
Motor vehicles	1 – 6 years	-	-	-
Premises	1 – 4 years	13	-	-

The maturity analysis of lease liabilities is disclosed in Note 30 to the Financial Statements.

The Group's effective interest rates range from 2.02% to 5.95% (2021: 2.75% to 7.65%) per annum.

18. DEFERRED TAX LIABILITIES

Group	2022 RM	2021 RM
At the beginning of financial year/period	32,231	-
Acquisition of subsidiary companies	-	32,702
Transfer to profit or loss (Note 25)	895,400	(471)
At the end of financial year/period	927,631	32,231

The components of deferred tax liabilities are made up of tax impact on temporary differences arising from the following:

Group	2022 RM	2021 RM
Carrying amount of property, plant and equipment in excess of its tax base	6,210,831	32,231
Unabsorbed tax losses	(402,900)	-
Unutilised capital allowances	(4,291,000)	-
Others	(589,300)	-
	927,631	32,231

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

19. BANK BORROWINGS

Group	2022 RM	2021 RM
Current		
Bank overdraft	-	302,483
Promissory notes	-	11,965,000
Bankers' acceptances	-	3,035,000
Term loans	1,290,592	-
	<hr/> 1,290,592	<hr/> 15,302,483
Non-current		
Term loans	12,318,861	-
	<hr/> 13,609,453	<hr/> 15,302,483
Total	<hr/> 13,609,453	<hr/> 15,302,483

The bank borrowings bear interest ranging from 4.22% to 4.97% (2021: 3.77% to 7.70%) per annum.

In the previous financial period, the bank overdraft, promissory notes and bankers' acceptances were secured by the following:-

- (a) All monies facilities agreements;
- (b) All monies first party fixed deposit by way of sinking fund build-up together with memorandum of deposit and letter of set-off; and
- (c) Corporate guarantee by the Company and a subsidiary company.

During the financial year, the term loans are secured by the following:

- (a) As principal instrument, a facility agreement for the sum of RM18,400,000;
- (b) As subsidiary instrument, a registered open all monies first party charge stamped nominally over the leasehold land as disclosed in Note 4 to the Financial Statements;
- (c) A debenture is to be created over the properties together with fixtures and fittings now or from time to time on any such property and all plant, machinery, vehicles, computers and office and other equipment of a subsidiary company relating to its business together with all accessories and spare parts and tools pertaining thereto (excluding stock in trade and receivables) now or hereafter from time to time required by the licensed bank; and
- (d) Corporate guarantee by Neogenix Lab and the Company.

20. TRADE PAYABLES**Group**

Trade payables are non-interest bearing and are generally on 30 to 60 days (2021: 30 to 60 days) term.

Included in trade payables is RM1,288,237 (2021: RM1,503,835) due to a company in which a Director has interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

21. OTHER PAYABLES

Group	2022	2021
	RM	RM
Accrual of expenses	2,090,005	3,947,552
Non-trade payables	9,007,671	9,282,615
Service tax payable	-	38,583
	11,097,676	13,268,750

Included in the non-trade payables of the Group are the following:

	2022	2021
	RM	RM
Amount due to companies in which a Director has interest	197,101	-

Company	2022	2021
	RM	RM
Accrual of expenses	125,624	83,588
Non-trade payables	173,421	181,474
	299,045	265,062

Included in the non-trade payables of the Company is an amount of RM158,730 (2021: Nil) due to a company in which a Director has interest.

The balances are unsecured, interest free and no scheme of repayment has been arranged.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

22. REVENUE

22.1 Disaggregated revenue information

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Type of revenue				
Printed directories	-	1,591,778	-	-
Internet directories and third party online advertising services	(111,083)	134,116	-	-
Trading of gloves	36,716,609	-	-	-
Trading of raw materials	-	1,599,517	-	-
Training and seminars	-	12,483,522	-	-
Marketplace, medical diagnostic laboratory services and sales of pharmaceutical and medical goods ("Healthcare")	157,578,090	128,069,525	-	-
Dividend income	-	-	72,261,000	-
Management fee	-	25,000	-	-
	194,183,616	143,903,458	72,261,000	-
Loan interest income	4,217,130	3,065,352	-	-
	198,400,746	146,968,810	72,261,000	-
Timing of revenue recognition				
Performance obligation				
– satisfied at a point in time	194,183,616	142,311,680	72,261,000	-
– satisfied over time	-	1,591,778	-	-
	194,183,616	143,903,458	72,261,000	-

Revenue by geographical location is disclosed in Note 29 to the Financial Statements.

22.2 Contract balances

Revenue recognised in the previous financial period of RM746,222 represented the contract liabilities at the beginning of the previous financial period.

22.3 Performance obligations

For printed directories, the performance obligations are satisfied over time. For internet directories and third party online advertising services, trading of gloves and raw materials, training and seminars, Healthcare and management fee, the performance obligations are satisfied at a point in time.

The payment terms for billings made are disclosed in Note 11 to the Financial Statements.

There are no remaining unsatisfied performance obligations (unsatisfied or partially unsatisfied) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

23. OTHER INCOME

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Gain on disposal of subsidiary companies (Note 6.4)	17,369,229	33,642,457	805,907	34,079,379
Gain on disposal of associate companies	1,579,026	-	-	-
Gain on disposal of other investment	9,210,015	-	-	-
Gain on derecognition of subsidiary companies (Note 6.5)	36,184,146	-	-	-
Gain on disposal of property, plant and equipment	764,203	-	-	-
Reversal of impairment loss on investment in subsidiary companies	-	-	-	272,490
Other income	3,955,870	2,996,523	-	-
	69,062,489	36,638,980	805,907	34,351,869

24. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Auditors' remuneration				
– statutory audit	217,034	186,000	52,000	45,000
– others	20,000	65,000	20,000	65,000
Realised (gain)/loss on foreign exchange	(9,110)	942	-	-
Short term leases	150,496	72,719	7,840	-
Leases of low-value assets	-	10,290	-	10,290

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

25. TAX EXPENSE/(INCOME)

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Current year				
– Current tax	16,022,585	11,018,664	-	35,387
– Deferred tax (Note 18)	1,303,400	(471)	-	-
Over provision in prior period/years				
– Current tax	(119,930)	(39,880)	(8,335)	-
– Deferred tax (Note 18)	(408,000)	-	-	-
	16,798,055	10,978,313	(8,335)	35,387

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the financial year/period.

Reconciliation of tax expense/(income) applicable to profit before tax at the statutory tax rate to tax expense/(income) at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Profit before tax	119,170,063	69,848,425	79,565,579	31,723,391
At Malaysian statutory tax rate of 24% (2021: 24%)	28,600,815	16,763,622	19,095,739	7,613,614
Adjustments:				
– Expenses not deductible for tax purposes	4,304,506	709,609	1,213,846	669,222
– Income not subject to tax	(16,105,512)	(6,747,038)	(20,472,585)	(8,244,449)
– Movement in deferred tax assets not recognised	526,176	292,000	163,000	(3,000)
– Over provision in prior period/years	(527,930)	(39,880)	(8,335)	-
	16,798,055	10,978,313	(8,335)	35,387

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

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Property, plant and equipment	(74,000)	(101,000)	45,000	-
Unabsorbed tax losses	6,050,000	3,847,600	576,000	-
Unutilised capital allowances	104,000	141,000	60,000	-
	6,080,000	3,887,600	681,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

25. TAX EXPENSE/(INCOME) (CONT'D)

The potential deferred tax assets of the Group and of the Company have not been recognised in respect of these items as it is not probable that sufficient taxable profits will be available in which the respective subsidiary companies and the Company can utilise those benefits in near future.

The unabsorbed tax losses and unutilised capital allowances of the Group and of the Company can be carried forward to offset against future taxable profit of the Group and of the Company. Pursuant to Section 44 (5F) of the Income Tax Act 1967, the expiry of the unabsorbed tax losses is as follows:-

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Year of assessment 2025	-	867,000	-	-
Year of assessment 2026	-	25,600	-	-
Year of assessment 2028	2,560,000	1,975,000	-	-
Year of assessment 2029	426,000	426,000	-	-
Year of assessment 2030	280,000	280,000	-	-
Year of assessment 2031	556,000	274,000	-	-
Year of assessment 2032	2,228,000	-	576,000	-
	6,050,000	3,847,600	576,000	-

26. EARNINGS PER SHARE

Group

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the net profit for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Profit attributable to ordinary equity holders of the Company	97,191,503	46,365,803
Weighted average number of ordinary shares in issue (unit)	5,107,633,108	2,850,832,982
Basic earnings per ordinary share (sen)	1.90	1.63

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

26. EARNINGS PER SHARE (CONT'D)

Group (Cont'd)

Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing the net profit for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares that would have been issued upon the full conversion/exercise of all outstanding ICPS and warrants, respectively as follows:-

	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Profit attributable to ordinary equity holders of the Company	97,191,503	46,365,803
Weighted average number of ordinary shares in issue as above (unit)	5,107,633,108	2,850,832,982
Effects of outstanding ICPS (unit)	2,870,220	4,541,220
Effects of outstanding warrants (unit)	1,702,062,530	2,309,564
Weighted average number of ordinary shares assumed to be in issue at 30 September (unit)	6,812,565,858	2,857,683,766
Diluted earnings per ordinary share (sen)	1.43	1.62

27. EMPLOYEE BENEFITS EXPENSE

The details of Directors' remuneration of the Group and of the Company are as follows:-

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Directors' remuneration				
Executive Directors:				
Directors of the Company				
Salaries and other emoluments	307,000	238,000	118,750	238,000
Defined contribution plan	20,380	17,475	8,890	17,475
Social security contributions	1,732	1,732	866	1,732
Fee	21,645	-	-	-
	350,757	257,207	128,506	257,207
Directors of subsidiary companies				
Salaries and other emoluments	1,667,875	1,602,506	-	-
Defined contribution plan	223,511	103,930	-	-
Social security contributions	3,452	-	-	-
Fee	24,000	-	-	-
	1,918,838	1,706,436	-	-
Total Executive Directors' remuneration	2,269,595	1,963,643	128,506	257,207

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

27. EMPLOYEE BENEFITS EXPENSE (CONT'D)

The details of Directors' remuneration of the Group and of the Company are as follows:- (Cont'd)

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Non-executive Directors:				
Fee	216,806	309,581	216,806	244,581
Other emoluments	3,000	-	3,000	-
	219,806	309,581	219,806	244,581
Total Directors' remuneration	2,489,401	2,273,224	348,312	501,788
Employees' remuneration				
Salaries, allowances and bonuses	12,411,838	4,279,274	271,695	241,169
Defined contribution plan	1,365,292	526,132	28,886	27,867
Social security contributions	184,667	56,393	1,999	1,519
Other staff related expenses	2,775,876	1,154,913	125,301	136,205
	16,737,673	6,016,712	427,881	406,760
Total staff costs incurred during the financial year/period	19,227,074	8,289,936	776,193	908,548
Add: Staff costs charged out from contract costs	-	360,233	-	-
	19,227,074	8,650,169	776,193	908,548

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

28. RELATED PARTY DISCLOSURES

28.1 Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:-

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Dividend income from subsidiary companies	-	-	72,261,000	-
Purchases from subsidiary companies	-	-	6,821	-
Acquisition of a subsidiary company from vendors connected to certain Directors of the Company	-	420,621	-	420,621
Disposal of an associate company to a company which a Director has interest	49,000	-	49,000	-
Rental paid to a company in which a Director has interest	20,156	-	-	-
Acquisition of equity interest in a subsidiary company from certain Directors of subsidiary companies	3,400,000	-	-	-
Partial disposal of equity interest in a subsidiary company to a company in which a Director is a common director	20,000,000	-	-	-
Courier charges charged by a company in which a Director has interest	-	1,503,603	-	-
Deposit paid to a company in which certain Directors have interest	-	390,000	-	-
Loan disbursement to a company in which certain Directors have interest	2,400,000	-	-	-
Management fee received from a company in which a Director has interest	24,000	-	-	-
Purchase of property, plant and equipment from a company in which a Director has interest	584,800	-	-	-
IT services paid to a company in which a Director has interest	171,418	-	-	-

The Directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and have been established under negotiated terms.

28.2 Compensation of key management personnel

The Group and the Company have no other key management personnel apart from the Directors. The Directors' remuneration is disclosed in Note 27 to the Financial Statements.

28.3 Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6, 7, 8, 11, 14, 20 and 21 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

29. OPERATING SEGMENTS

Business segments

Group

For the management purposes, the Group is organised into business units based on their products and services, which comprise the following:-

- (i) Healthcare : Marketplace, medical diagnostic and research laboratory and wholesale of pharmaceutical and medical goods
- (ii) Financial services : Moneylending
- (iii) Gloves : Manufacturing and trading of rubber gloves
- (iv) Search and advertising : Developer and provider of online presence and advertising solutions and operator of search platforms; publishing business directory journals, content development and database marketing
- (v) Others : Investment holding, development and provision of software solutions/applications, training and seminars and other dormant companies

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of the business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on negotiated basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

29. OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

Group (Cont'd)

2022	Note	Healthcare RM	Financial services RM	Gloves RM	Search and advertising RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
Revenue:								
External revenue	(i)	157,578,090	4,217,130	36,716,609	(111,083)	-	-	198,400,746
Inter-segment		99,640	-	1,121	-	62,000,000	(62,100,761)	-
Total revenue		157,677,730	4,217,130	36,717,730	(111,083)	62,000,000	(62,100,761)	198,400,746
Results:								
Interest income		235,948	156,157	39,286	1,909	397,197	-	830,497
Finance costs		(617,058)	-	(14,431)	132	-	-	(631,357)
Depreciation		(1,300,566)	-	(6,080,809)	(11,845)	(24,855)	-	(7,418,075)
Amortisation of intangible assets		(3,000,000)	-	-	-	-	-	(3,000,000)
Share of profit of associate companies		-	-	-	-	465,168	-	465,168
Tax expense		(14,980,808)	(922,854)	(907,400)	-	13,007	-	(16,798,055)
Other non-cash items	(ii)	44,785,189	(5,618,979)	(2,515,357)	260,986	26,194,463	(9,674,527)	53,431,775
Segment profit/(loss)	(iii)	88,925,677	(2,697,302)	2,211,835	2,612	85,603,713	(71,674,527)	102,372,008
Assets:								
Additions to non-current assets other than financial instruments	(iv)	4,462,410	-	27,237,214	-	4,055,870	-	35,755,494
Segment assets	(v)	122,082,994	147,458,064	141,343,323	-	370,044,897	(348,989,787)	431,939,491
Liabilities:								
Segment liabilities	(vi)	65,826,608	148,625,665	138,747,722	-	44,574,743	(356,957,992)	40,816,746

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

29. OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

Group (Cont'd)

2021	Note	Healthcare RM	Financial services RM	Search and advertising RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
Revenue:							
External revenue	(i)	128,069,525	3,090,352	1,725,894	14,083,039	-	146,968,810
Results:							
Interest income		103,084	49,437	1,239	1,206,158	-	1,359,918
Finance costs		(48,508)	(337,057)	(118,935)	(4,147)	-	(508,647)
Depreciation		(465,478)	(30,986)	(285,678)	(66,061)	-	(848,203)
Amortisation of intangible assets		(1,250,000)	-	-	-	-	(1,250,000)
Share of loss of a joint venture company		(50)	-	-	-	-	(50)
Tax expense		(7,972,146)	(405,780)	-	(2,600,387)	-	(10,978,313)
Other non-cash items	(ii)	(2,143,682)	(37,486)	964,745	35,664,022	-	34,447,599
Segment profit/(loss)	(iii)	20,732,115	(1,119,299)	598,330	32,743,013	5,915,953	58,870,112
Assets:							
Additions to non-current assets other than financial instruments	(iv)	19,410,295	2,580	2,272	65,056,823	-	84,471,970
Segment assets	(v)	85,913,741	43,761,981	410,355	282,711,996	(76,173,356)	336,624,717
Liabilities:							
Segment liabilities	(vi)	54,044,708	42,232,280	38,691,253	14,306,441	(106,958,859)	42,315,823

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

29. OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

Group (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Other material non-cash (expenses)/income consist of the following items:-

	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Bad debts written off	-	(61,323)
Deposits written off	(12,440)	-
Gain from bargain purchases arising from acquisitions of subsidiary companies	-	2,440,146
Gain on derecognition of lease contract	-	34,761
Gain on derecognition of subsidiary companies	36,184,146	-
Gain on disposal of subsidiary companies	17,369,229	33,642,457
Gain on disposal of associate companies	1,579,026	-
Gain on disposal of other investment	9,210,015	-
Impairment loss on goodwill on consolidation	(2,000,000)	-
Impairment loss on trade receivables	(6,627,464)	(428,528)
Impairment loss on other receivables	(208,000)	-
Reversal of impairment loss on trade receivables	260,986	1,171,461
Impairment loss on amount due from an associate company	(180,000)	-
Intangible assets written off	-	(10,000)
Inventories written down	(2,800,000)	(789,482)
Inventories written off	(113)	-
Loss on remeasurement	-	(1,603,701)
Gain/(Loss) on disposal of property, plant and equipment	764,203	(67,486)
Property, plant and equipment written off	(106,953)	(13,620)
Rental rebates	-	96,500
Reversal of share-based payment under ESOS	-	6,022
Unrealised loss on foreign exchange	(860)	-
Waiver of debts	-	30,392
	53,431,775	34,447,599

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

29. OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

Group (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-
(Cont'd)

(iii) The following items are eliminated from segment profit/(loss) to arrive at "profit for the financial year/period" presented in the consolidated statement of profit or loss and other comprehensive income:-

	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Impairment loss on inter-segment balances	-	6,586,443
Impairment loss on investment in subsidiary companies	2,561,000	-
Reversal of impairment loss on inter-segment balances	(12,235,527)	(398,000)
Reversal of impairment loss on investment in subsidiary companies	-	(272,490)
Dividend income on inter-segment	(62,000,000)	-
	(71,674,527)	5,915,953

(iv) Additions to non-current assets consist of:-

	1.10.2021 to 30.9.2022 RM	1.4.2020 to 30.9.2021 RM
Property, plant and equipment	35,735,404	61,388,943
Intangible assets	-	15,000,000
Goodwill on consolidation	-	8,083,027
Investment in an associate company	20,000	-
Other investments	90	-
	35,755,494	84,471,970

(v) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2022 RM	2021 RM
Inter-segment investment in subsidiary companies	(10,614,012)	(6,607,002)
Inter-segment balances	(338,375,775)	(69,566,354)
	(348,989,787)	(76,173,356)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

29. OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

Group (Cont'd)

(vi) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2022	2021
	RM	RM
Inter-segment balances	(356,957,992)	(106,958,859)

Geographical information

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

Group

	Revenue		Non-current assets	
	1.10.2021	1.4.2020	2022	2021
	to	to	RM	RM
	30.9.2022	30.9.2021		
	RM	RM	RM	RM
Malaysia	198,203,682	146,968,810	137,774,170	83,765,268
Australia	197,064	-	-	-
	198,400,746	146,968,810	137,774,170	83,765,268

Information about a major customer

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	2022	2021
	RM	RM
Property, plant and equipment	131,691,143	61,932,241
Intangible assets	-	13,750,000
Goodwill on consolidation	6,083,027	8,083,027
	137,774,170	83,765,268

Revenue from 1 major customer amounted to RM72,988,500 (1.4.2020 to 30.9.2021: RM115,748,040) arising from the healthcare segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial assets categorised as follows:-

	Amortised cost RM	FVOCI RM
Group		
2022		
Financial assets		
Other investments	-	9,520,033
Trade receivables	168,229,641	-
Other receivables	13,826,610	-
Amount due from a joint venture company	53,117	-
Amount due from an associate company	269,473	-
Fixed deposits with licensed banks	2,567,447	-
Cash and bank balances	74,181,222	-
	259,127,510	9,520,033

	Amortised cost RM	FVOCI RM	FVTPL RM
2021			
Financial assets			
Other investments	-	9,519,943	13,584
Trade receivables	53,191,832	-	-
Other receivables	17,239,725	-	-
Amount due from a joint venture company	25,500	-	-
Fixed deposits with licensed banks	15,905,220	-	-
Cash and bank balances	142,379,159	-	-
	228,741,436	9,519,943	13,584

Company			
2022			
Financial assets			
Other investments	-	9,519,943	-
Other receivables	36,129,603	-	-
Amount due from subsidiary companies	291,366,045	-	-
Amount due from a joint venture company	41,000	-	-
Cash and bank balances	5,502,748	-	-
	333,039,396	9,519,943	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial assets categorised as follows:- (Cont'd)

	Amortised cost RM	FVOCI RM	FVTPL RM
Company (Cont'd)			
2021			
Financial assets			
Other investments	-	9,519,943	-
Other receivables	5,038,265	-	-
Amount due from subsidiary companies	133,821,833	-	-
Amount due from a joint venture company	25,000	-	-
Fixed deposits with licensed banks	10,000,000	-	-
Cash and bank balances	95,716,816	-	-
	244,601,914	9,519,943	-

At the reporting date and all year/period presented, the Group and the Company carry only financial liabilities measured at amortised cost on their statements of financial position.

30.2 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing their risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade receivables. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (Cont'd)

(a) Credit risk (Cont'd)

Following are the areas where the Group are exposed to credit risk:-

i. Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Generally, trade receivables are written-off if the Directors deem them uncollectable. Collateral is considered integral part of trade receivables and considered in the calculation of impairment. At the reporting date, trade receivables related to loan receivables from moneylending business are mostly covered by collateral. The Group evaluates the concentration of risk with respect of loan receivables as low, as trade receivables consist of a large number of customers in various backgrounds.

The following table provides information about the exposure to credit risk on trade receivables as at the reporting date:-

	Gross RM	Allowance for expected credit losses		Net RM
		Individually impaired RM	Collectively impaired RM	
2022				
Not past due	146,180,293	-	(421,204)	145,759,089
Past due 1 to 30 days	192,623	-	-	192,623
Past due 31 to 60 days	142,216	-	-	142,216
Past due 61 to 90 days	77,814	-	-	77,814
Past due more than 90 days	28,397,065	(5,188,819)	(1,150,347)	22,057,899
	174,990,011	(5,188,819)	(1,571,551)	168,229,641
2021				
Not past due	41,116,478	-	-	41,116,478
Past due 1 to 30 days	7,614,991	-	-	7,614,991
Past due 31 to 60 days	1,139,720	-	-	1,139,720
Past due 61 to 90 days	694,259	-	-	694,259
Past due more than 90 days	11,136,064	-	(8,509,680)	2,626,384
	61,701,512	-	(8,509,680)	53,191,832

Trade receivables that are individually determined to be credit impaired at the financial year/period end relate to debtors who are in significant difficulties and have defaulted on payments.

The net carrying amount of receivables is considered a reasonable approximate of fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (Cont'd)

(a) Credit risk (Cont'd)

Following are the areas where the Group are exposed to credit risk:- (Cont'd)

ii. Investments

At the reporting date, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company.

In the view of sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

iii. Financial guarantees

The maximum exposure to credit risk by the Company amounted to RM13,609,453 (2021: RM15,302,483), represented by the outstanding banking facilities of subsidiary companies at the reporting date.

The Company provides unsecured financial guarantees to licensed banks in respect of banking facilities granted to subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies. At the reporting date, there was no indication that the subsidiary companies would default on repayment.

iv. Intercompany advances

The Company provides unsecured advances to subsidiary companies, a joint venture company and an associate company and monitors the results of those companies regularly.

At the reporting date, management is of the view that the net carrying amount of amount due from subsidiary companies, a joint venture company and an associate company are recoverable other than those disclosed in Notes 6.7 and 8 to the Financial Statements.

v. Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The maximum exposure to credit risk is represented by their carrying amounts of each class of financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due, due to shortage of funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (Cont'd)

(b) Liquidity risk (Cont'd)

In managing its exposures to liquidity risk that arises principally from its various payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

As at the reporting date, the contractual undiscounted repayment obligations (including interest payments) of the Group's non-derivative financial liabilities are summarised below:-

	Carrying amount RM	Contractual cash flows RM	Maturity		
			Less than 1 year RM	Between 1 and 5 years RM	More than 5 years RM
Group					
2022					
Secured:					
Lease liabilities	933,156	1,011,223	419,590	591,633	-
Bank borrowings	13,609,453	16,632,164	1,905,276	7,621,104	7,105,784
	14,542,609	17,643,387	2,324,866	8,212,737	7,105,784
Unsecured:					
Trade payables	8,911,416	8,911,416	8,911,416	-	-
Other payables	11,097,676	11,097,676	11,097,676	-	-
	20,009,092	20,009,092	20,009,092	-	-
Total	34,551,701	37,652,479	22,333,958	8,212,737	7,105,784
2021					
Secured:					
Lease liabilities	897,010	995,241	344,929	650,312	-
Unsecured:					
Bank borrowings	15,302,483	15,302,483	15,302,483	-	-
Trade payables	7,660,067	7,660,067	7,660,067	-	-
Other payables	13,268,750	13,268,750	13,268,750	-	-
	36,231,300	36,231,300	36,231,300	-	-
Total	37,128,310	37,226,541	36,576,229	650,312	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (Cont'd)

(b) Liquidity risk (Cont'd)

Company

At the reporting date, the contractual undiscounted repayment obligations (including interest payments) of the Company's non-derivative financial liabilities is less than one year.

The contractual cash flows of the Company relating to financial guarantees to subsidiary companies at the reporting date was RM13,609,453 (2021: RM15,302,483).

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date is as follows:-

	2022	2021
	RM	RM
Group		
Fixed rate instruments		
Fixed deposits with licensed banks	2,567,447	15,905,220
Bank borrowings	-	(15,000,000)
Lease liabilities	(933,156)	(897,010)
	1,634,291	8,210
Floating rate instrument		
Bank borrowings	(13,609,453)	(302,483)
	-	(302,483)
Company		
Fixed rate instruments		
Fixed deposits with a licensed bank	-	10,000,000
	-	10,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- (Cont'd)

(c) Interest rate risk (Cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table illustrates the sensitivity of profit/loss and equity to a reasonable possible change in interest rates of +/- 0.5%. These changes are considered to be reasonable possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Increase/(Decrease)	
	Profit before tax and equity for the financial year/period	
	RM +0.5%	RM -0.5%
Group		
Floating rate instrument		
2022	(68,047)	68,047
2021	(1,512)	1,512

30.3 Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and bank borrowings approximate their fair values due to the relatively short term nature of these financial instruments or that they are floating rate instruments that are pre-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

Fair value hierarchy

The fair value of financial assets at FVTPL and FVOCI are detailed as below:-

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Fair value of financial instruments (Cont'd)

Fair value hierarchy (Cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
<u>2022</u>				
Investment in unquoted shares – FVOCI	-	-	9,520,033	9,520,033
<u>2021</u>				
Investments in quoted money market funds – FVTPL	13,584	-	-	13,584
Investment in unquoted shares – FVOCI	-	-	9,519,943	9,519,943
Company				
<u>2022</u>				
Investment in unquoted shares – FVOCI	-	-	9,519,943	9,519,943
<u>2021</u>				
Investment in unquoted shares – FVOCI	-	-	9,519,943	9,519,943

There were no transfers between fair value hierarchies during the financial year/period.

31. CAPITAL COMMITMENT

	2022 RM	2021 RM
Group		
<u>Approved and contracted for:</u>		
– Construction of plant	141,009	39,940,570
– Renovation works	311,380	-
– Sublease of land	33,519,420	-
– Master Services and License Agreement	9,371,063	-
– Acquisition of properties	4,350,330	-
	47,693,202	39,940,570

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 SEPTEMBER 2022

32. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares), the Company has complied with this requirement.

There were no changes in the Group's approach to capital management during the financial year/period.

33. SIGNIFICANT AND SUBSEQUENT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- a. On 1 October 2021, HS Bio entered into a shares sale agreement ("SSA") with third parties ("Vendors") in relation to a proposed acquisition of 51% equity interest in RZAC Immuneseafe Sdn. Bhd. ("RZAC") for a total purchase consideration of RM20,000,000 to be satisfied via a combination of cash payment of RM2,000,000 and issuance of HS Bio's shares equivalent to RM18,000,000. The acquisition was completed on 30 November 2021.

On 28 September 2022, HS Bio has entered into a letter of termination with the Vendors to mutually agree on the termination of the SSA subject to the terms and conditions of the letter of termination ("Termination").

Pursuant to the Termination, the Vendors shall refund and repay a sum of RM2 million to HS Bio, being the cash consideration which was previously paid by HS Bio to the Vendors under the SSA. In addition, the Vendors agreed to pay an additional sum of RM2 million (equivalent to 10% of the total purchase consideration under the SSA) being the termination cost to HS Bio. Thereafter, HS Bio shall return the sale shares pertaining to the 51% equity interest in RZAC to the Vendors. RZAC has ceased to be a subsidiary of HS Bio upon the termination completed on 30 September 2022.

- b. On 8 October 2021, HS Bio entered into a Heads of Agreement ("HOA") with a third party in relation to a proposed acquisition of 51% equity interest in Pow Pocket Sdn. Bhd. for a total proposed purchase consideration of RM200,000,000 to be satisfied via issuance of HS Bio's shares equivalent to RM200,000,000. On 4 March 2022, HS Bio has entered into a letter of termination with the third party to mutually agree on the termination of the HOA;
- c. On 12 October 2021, the Company completed a bonus issue of 850,811,683 free warrants on the basis of 1 warrant B for every 3 existing ordinary shares held by the entitled shareholders of the Company as at 1 October 2021;
- d. On 23 December 2021, the Company announced a proposed bonus issue of new ordinary shares on the basis of 1 bonus share for every 1 existing ordinary share held on an entitlement date to be determined and announced later. This exercise has been completed on 28 June 2022 following the listing and quotation of 2,554,208,384 bonus shares, 1,435,110 additional ICPS, 472,482 additional Warrants A and 850,558,283 additional Warrants B on the Main Market of Bursa Malaysia Security Berhad ("Bonus Issue");
- e. On 29 August 2022, HS Bio has entered into a sale and purchase agreement with a third party to acquire 2 units of shop offices located at 3 Two Square, Petaling Jaya for a total purchase consideration of RM2,220,000. The acquisition of these properties has been completed on 21 December 2022;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 SEPTEMBER 2022

33. SIGNIFICANT AND SUBSEQUENT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)

- f. On 29 August 2022, HS Bio has entered into a sale and purchase agreement with a third party to acquire shop offices located at Plaza Glomac, Petaling Jaya for a total purchase consideration of RM2,613,700. The acquisition of these properties has not been completed as of the date of approval of the financial statements; and
- g. On 10 November 2022, HS Bio has entered into a shares sale agreement with Ligno Holding Sdn. Bhd. to acquire 50% equity interest in HS Ligno for a total cash consideration of RM 1. Consequently, HS Ligno has become a wholly-owned subsidiary of HS Bio.

34. COMPARATIVE INFORMATION

The comparative information is from 1 April 2020 to 30 September 2021. Consequently, the comparative information for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and related notes are not comparable.

LIST OF PROPERTIES

No.	Location	Tenure	Existing use	Date of acquisition/ *revaluation	Description	Approximate age of building (Years)	Net book value as at 30.9.2022 (RM'000)
1	Plot 1620, Jalan Perusahaan Indah 3 Taman Sejati Indah 08000 Sungai Petani Kedah Darul Aman	Freehold	Hostel	09.02.2021 *15.11.2021	Land area 11,888 sq. ft.	17	1,321
2	Plot 1622, Jalan Perusahaan Indah 3 Taman Sejati Indah 08000 Sungai Petani Kedah Darul Aman	Freehold	Hostel	09.02.2021 *15.11.2021	Land area 12,000 sq. ft.	17	1,334
3	PN6873 Lot 305, Seksyen 14, No. 7 Jalan 51A/223, 46100 Petaling Jaya Selangor Darul Ehsan	Leasehold	Office	31.03.2022 *26.11.2021	Land area 10,883 sq. ft.	56.5	5,934
4	PN97279 Lot 306, Seksyen 14, No. 5 Jalan 51A/223, 46100 Petaling Jaya Selangor Darul Ehsan	Leasehold	Office	31.03.2022 *26.11.2021	Land area 42,009 sq. ft.	54	21,410
5	PN 50495/M1-B/4/74 Lot No. 103 Seksyen 36 B-10-3A, Dataran 32, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan	Leasehold	Office	21.12.2022	Land area 2,217 sq. ft.	15	1,110#
6	PN 50495/M1-B/5/84 Lot No. 103 Seksyen 36 B-10-05, Dataran 32, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan	Leasehold	Office	21.12.2022	Land area 2,217 sq. ft.	15	1,110#

These properties were acquired in the subsequent year, therefore the net book value of these properties is not included in FYE 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 DECEMBER 2022

Total Number of Issued Shares	:	5,108,416,768 ordinary shares
Class of Equity Securities	:	Ordinary shares ("Shares")
Voting Rights by Show of Hands	:	One vote for every member
Voting Rights by Poll	:	One vote for every Share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	50	1.02	1,023	*
100 – 1,000	379	7.69	188,697	0.01
1,001 – 10,000	1,903	38.60	11,792,683	0.23
10,001 – 100,000	2,019	40.95	71,687,450	1.40
100,001 – less than 5% of issued Shares	574	11.64	3,043,705,515	59.58
5% and above of issued Shares	5	0.10	1,981,041,400	38.78
Total	4,930	100.00	5,108,416,768	100.00

* Negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dalphon Limited	630,282,800	12.34	-	-
Dato' Seri Teoh Hai Hin	-	-	630,282,800 ^(a)	12.34
Radiance Dynasty Sdn. Bhd.	584,723,600	11.45	-	-
Lester Chin Kent Lake	-	-	592,227,600 ^(b)	11.59
Aurora Crest Sdn. Bhd.	400,000,000	7.83	-	-
Christopher Chan Hooi Guan	-	-	412,000,000 ^(c)	8.06

Notes:

^(a) Deemed interested by virtue of his shareholdings in Dalphon Limited pursuant to Section 8 of the Companies Act 2016.

^(b) Deemed interested by virtue of his shareholdings in Radiance Dynasty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his father's shareholdings in the Company.

^(c) Deemed interested by virtue of his shareholdings in Aurora Crest Sdn. Bhd. and Open Dynamics Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 30 DECEMBER 2022

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Seri Teoh Hai Hin	-	-	630,282,800 ^(a)	12.34
Lester Chin Kent Lake	-	-	592,227,600 ^(b)	11.59
Christopher Chan Hooi Guan	-	-	412,000,000 ^(c)	8.06
Ng Keok Chai	2,090,000	0.04	-	-

Notes:

^(a) Deemed interested by virtue of his shareholdings in Dalphon Limited pursuant to Section 8 of the Companies Act 2016.

^(b) Deemed interested by virtue of his shareholdings in Radiance Dynasty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his father's shareholdings in the Company.

^(c) Deemed interested by virtue of his shareholdings in Aurora Crest Sdn. Bhd. and Open Dynamics Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

30 LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares Held	%
1.	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	596,535,000	11.68
2.	CSH Network Capital Sdn Bhd <i>– Pledged Securities Account for Radiance Dynasty Sdn Bhd</i>	505,223,600	9.89
3.	CSH Network Capital Sdn Bhd <i>– Pledged Securities Account for Aurora Crest Sdn Bhd</i>	344,000,000	6.73
4.	CSH Network Capital Sdn Bhd <i>– Pledged Securities Account for Dalphon Limited</i>	277,382,800	5.43
5.	Kenanga Nominees (Asing) Sdn Bhd <i>– Pledged Securities Account for Dalphon Limited (Third Party)</i>	257,900,000	5.05
6.	Kenanga Nominees (Tempatan) Sdn Bhd <i>– Pledged Securities Account for Tan Chong Swee</i>	184,597,000	3.61
7.	Kenanga Nominees (Tempatan) Sdn Bhd <i>– Pledged Securities Account for Kon Tek Yoong</i>	172,558,800	3.38
8.	Kenanga Nominees (Tempatan) Sdn Bhd <i>– Pledged Securities Account for Master Knowledge Sdn Bhd</i>	166,320,100	3.26
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>– Pledged Securities Account for Chan Swee Ying (MY2512)</i>	144,504,800	2.83
10.	Kenanga Nominees (Tempatan) Sdn Bhd <i>– Pledged Securities Account for MMAG Holdings Berhad</i>	124,760,000	2.44

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 30 DECEMBER 2022

30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares Held	%
11.	CGS-CIMB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chin Boon Long (MY2296)	120,289,200	2.35
12.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Robust Potential Sdn Bhd	112,305,600	2.20
13.	Kenanga Nominees (Asing) Sdn Bhd – Pledged Securities Account for Dalphon Limited (Third Party)	95,000,000	1.86
14.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chan Swee Ying	91,000,000	1.78
15.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Loh Lee Yin	72,230,600	1.41
16.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Aurora Crest Sdn Bhd (Third Party)	56,000,000	1.10
17.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Radiance Dynasty Sdn Bhd (Third Party)	51,500,000	1.01
18.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Emerging Markets Stock Index Fund	47,908,800	0.94
19.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Total International Stock Index Fund	44,018,600	0.86
20.	Chin Boon Long	43,222,900	0.85
21.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cheok Kuang Yi	40,305,600	0.79
22.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd – Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	40,030,000	0.78
23.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Wen Xin (RC)	40,000,000	0.78
24.	Hong Seng Capital Sdn Bhd – Pledged Securities Account for Hallmark Pixel Sdn Bhd	39,800,000	0.78
25.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Eminent Mission Sdn Bhd	39,240,000	0.77
26.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Master Knowledge Sdn Bhd	37,047,200	0.73
27.	Chin Boon Long	36,700,000	0.72
28.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Amberspace Sdn Bhd	34,646,200	0.68
29.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kon Tek Yoong	34,046,800	0.67
30.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Newfront Ventures Sdn Bhd	33,835,700	0.66

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) HOLDINGS

AS AT 30 DECEMBER 2022

Total Number of Outstanding ICPS : 2,870,220
 Maturity Date : 22 September 2024
 Voting Rights : The ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in the Company until and unless such holders convert their ICPS into new ordinary shares of the Company except in the following circumstances:-

- (a) when the dividends or part of the dividends are declared on the ICPS are in arrears for more than 6 months;
- (b) on a proposal to reduce the Company’s share capital;
- (c) on a proposal for sanctioning the sale of the whole of the Company’s property, business and undertaking;
- (d) on a proposal that directly affects their rights and privileges attached to the ICPS;
- (e) on a proposal to wind-up the Company; and
- (f) during the winding-up of the Company.

Where the ICPS holders are entitled to vote at any general meeting under the circumstances indicated above, every 4 ICPS shall on a poll, carry 1 vote for each ordinary share into which the ICPS are convertible, and every ordinary share shall, notwithstanding any other provision of the Company’s Constitution, carry 1 vote for each such share.

DISTRIBUTION SCHEDULE OF ICPS HOLDINGS

Size of ICPS Holdings	No. of Holders	%	No. of ICPS	%
Less than 100	4	12.50	120	*
100 – 1,000	3	9.37	2,400	0.08
1,001 – 10,000	5	15.63	21,700	0.76
10,001 – 100,000	12	37.50	606,000	21.11
100,001 – less than 5% of outstanding ICPS	2	6.25	260,000	9.06
5% and above of outstanding ICPS	6	18.75	1,980,000	68.99
Total	32	100.00	2,870,220	100.00

* Negligible

DIRECTORS’ ICPS HOLDINGS

(As per the Register of Directors’ Shareholdings)

None of the Directors hold any ICPS.

30 LARGEST ICPS ACCOUNT HOLDERS

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of ICPS Held	%
1.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Thau Ping (E-KKU)	600,000	20.90
2.	Tui Ma Koon	600,000	20.90
3.	Lee Heuk Ping	240,000	8.36
4.	Kenanga Nominees (Asing) Sdn Bhd – Exempt An For Phillip Securities Pte Ltd (Client Account)	200,000	6.97

**ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) HOLDINGS (CONT'D)
AS AT 30 DECEMBER 2022**

30 LARGEST ICPS ACCOUNT HOLDERS (CONT'D)

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of ICPS Held	%
5.	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ooi Geok Kee	180,000	6.27
6.	Shuit Soon Hock	160,000	5.57
7.	RHB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chee Soo Teng	140,000	4.88
8.	Yap Nyoke Yong	120,000	4.18
9.	Koh Mee Huaw	90,000	3.14
10.	Saifful Shah Bin Razi Shah Gill	84,200	2.93
11.	Lee Keng Seng	66,000	2.30
12.	Hian Bee Geok	60,400	2.10
13.	Cheah Saw Ha	60,000	2.09
14.	Tan Vooi Nan	54,000	1.88
15.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yew Siew Lee (E-JBU)	52,000	1.81
16.	HLB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Neoh Siew Cheng	48,000	1.67
17.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Pin Loong	30,800	1.07
18.	Lee Kim Hong	27,000	0.94
19.	Khoo Eng Heng @ Koh Eng Heng	20,000	0.70
20.	Chew Wei Kiat	13,600	0.47
21.	HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ng Yit Khuang (CCTS)	8,000	0.28
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Jayne Qi (MY2603)	6,000	0.21
23.	Phoon Chia Sin	3,000	0.10
24.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Mohamad Rizal Bin Mohamad Yatim	2,700	0.09
25.	Sik Loong Siang	2,000	0.07
26.	Kenanga Nominees (Tempatan) Sdn Bhd – Rakuten Trade Sdn Bhd for Soh Jing Ting	1,000	0.03
27.	Lim Choon Hwa	800	0.03
28.	Lee Su Si	600	0.02
29.	How Siew Yan	70	*
30.	Ng Yu Lim	44	*

* Negligible

ANALYSIS OF WARRANTS A HOLDINGS

AS AT 30 DECEMBER 2022

Type of Convertible Securities : Warrants 2019/2024 (“Warrants A”)
 No. of Outstanding Warrants A : 944,964
 Exercise Price : RM0.07
 Maturity Date : 22 September 2024

DISTRIBUTION SCHEDULE OF WARRANTS A HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants A	%
Less than 100	4	9.75	22	*
100 – 1,000	11	26.83	4,542	0.48
1,001 – 10,000	10	24.39	58,000	6.14
10,001 – less than 5% of outstanding Warrants A	13	31.71	337,600	35.73
5% and above of outstanding Warrants A	3	7.32	544,800	57.65
Total	41	100.00	944,964	100.00

* Negligible

DIRECTORS’ WARRANTS A HOLDINGS

(As per the Register of Directors’ Shareholdings)

None of the Directors hold any Warrants A.

THIRTY LARGEST WARRANTS A HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants A Held	%
1.	Lam Ah Choi	324,800	34.37
2.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Thau Ping (E-KKU)	120,000	12.70
3.	Kenanga Nominees (Tempatan) Sdn Bhd – Exempted An for Phillip Securities Pte Ltd (Client Account)	100,000	10.58
4.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ooi Wan Cheng (E-PPG)	43,200	4.57
5.	Lim Suey Hock	36,000	3.81
6.	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ooi Geok Kee	36,000	3.81
7.	Then Tit Seong @ Thien Yet Seong	36,000	3.81
8.	Boo Boon Hui	30,000	3.17
9.	Low Jun Ho	27,600	2.92
10.	Yip Thiam Chuan	26,000	2.75

ANALYSIS OF WARRANTS A HOLDINGS (CONT'D)
AS AT 30 DECEMBER 2022

THIRTY LARGEST WARRANTS A HOLDERS (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants A Held	%
11.	Ng Jin Guan	20,000	2.12
12.	Saifful Shah Bin Razi Shah Gill	20,000	2.12
13.	Tan Vooi Nan	18,000	1.90
14.	Maybank Nominees (Asing) Sdn Bhd – Zainal Abidin Bin Sjawaltul Abidin	16,800	1.78
15.	Fong Wen Shyaun	16,000	1.69
16.	Saw Fong Kooi	12,000	1.27
17.	RHB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chee Soo Teng	10,000	1.06
18.	Kenanga Nominees (Tempatan) Sdn Bhd – Rakuten Trade Sdn Bhd for Tan Sin Yen	9,800	1.04
19.	Chin Tatt Vooi	7,400	0.78
20.	HLB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Neoh Siew Cheng	7,200	0.76
21.	Shim Yin Shiang	6,000	0.63
22.	Chia Siew Wan	5,800	0.61
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lai Chuang Eng	4,000	0.42
24.	Ooi Phuay Gim	3,600	0.38
25.	Lim Gim Chew	2,200	0.23
26.	Lee Kim Hong	2,000	0.21
27.	Maybank Nominees (Tempatan) Sdn Bhd – Yong Mee Kiew	1,000	0.11
28.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Mohamad Rizal Bin Mohamad Yatim	900	0.10
29.	Abdul Hadi Abul Mundzir Bin Zakaria	400	0.04
30.	Maybank Nominees (Tempatan) Sdn Bhd – Zamir Bin Zainal	400	0.04

ANALYSIS OF WARRANTS B HOLDINGS

AS AT 30 DECEMBER 2022

Type of Convertible Securities	: Warrants 2021/2014 (“Warrants B”)
No. of Outstanding Warrants B	: 1,701,116,566
Exercise Price	: RM1.30
Maturity Date	: 3 October 2024

DISTRIBUTION SCHEDULE OF WARRANTS B HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants B	%
Less than 100	277	9.70	15,608	*
100 – 1,000	384	13.45	154,667	0.01
1,001 – 10,000	801	28.06	3,971,285	0.23
10,001 – 100,000	1,015	35.55	39,892,406	2.35
100,001 – less than 5% of outstanding Warrants B	372	13.03	408,782,758	24.03
5% and above of outstanding Warrants B	6	0.21	1,248,299,842	73.38
Total	2,855	100.00	1,707,116,566	100.00

* Negligible

DIRECTORS’ WARRANTS B HOLDINGS

(As per the Register of Directors’ Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants B	%	No. of Warrants B	%
Lester Chin Kent Lake	-	-	196,282,532 ^(a)	11.54
Christopher Chan Hooi Guan	-	-	4,000,000 ^(b)	0.24

Notes:

^(a) Deemed interested by virtue of his shareholdings in Radiance Dynasty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his father’s Warrants B holdings.

^(b) Deemed interested by virtue of his shareholdings in Open Dynamics Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

THIRTY LARGEST WARRANTS B HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants B Held	%
1.	CGS-CIMB Nominees (Asing) Sdn Bhd – Exempted An for CGS-CIMB Securities (Singapore) Pte Ltd. (Retail Clients)	395,826,986	23.27
2.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Newfront Ventures Sdn Bhd	264,582,250	15.55
3.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Radiance Dynasty Sdn Bhd	194,907,866	11.46
4.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Eminent Mission Sdn Bhd	183,872,730	10.81
5.	CGS-CIMB Nominees (Asing) Sdn Bhd – Pledged Securities Account for Chin Boon Long (MY2296)	113,553,862	6.68

ANALYSIS OF WARRANTS B HOLDINGS (CONT'D)
AS AT 30 DECEMBER 2022

THIRTY LARGEST WARRANTS B HOLDERS (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants A Held	%
6.	CGS-CIMB Nominees (Asing) Sdn Bhd – Pledged Securities Account for Chan Swee Ying	95,556,148	5.62
7.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Master Knowledge Sdn Bhd	68,136,932	4.01
8.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Robust Potential Sdn Bhd	47,691,466	2.80
9.	Chin Boon Long	20,026,800	1.18
10.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Wen Xin (RC)	13,333,332	0.78
11.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for MMAG Holdings Berhad	12,739,000	0.75
12.	Valhalla Capital Sdn Bhd – Pledged Securities Account for Twinstar Century Sdn Bhd	11,946,500	0.70
13.	Loh Siang Leong	9,220,400	0.54
14.	Valhalla Capital Sdn Bhd – Pledged Securities Account for Hong Tek Huat	9,070,666	0.53
15.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cheok Kuang Yi	7,546,666	0.44
16.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kenny Khow Chuan Wah (008)	6,882,800	0.40
17.	Hong Seng Capital Sdn Bhd – Pledged Securities Account for Master Knowledge Sdn Bhd	5,940,132	0.35
18.	Hong Seng Capital Sdn Bhd – Pledged Securities Account for Byteworth Sdn Bhd	5,603,400	0.33
19.	Chin Poh Lin	5,352,600	0.31
20.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Hallmark Pixel Sdn Bhd (Third Party)	5,333,332	0.31
21.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Choo Peng Hung	4,120,266	0.24
22.	Open Dynamics Sdn Bhd	4,000,000	0.24
23.	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	3,865,200	0.23
24.	CSH Network Capital Sdn Bhd – Pledged Securities Account for Master Knowledge Sdn Bhd	3,770,200	0.22
25.	Kee Loong Sing	3,195,066	0.19
26.	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (LPF)	2,827,266	0.17
27.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Loh Yong Huat	2,650,000	0.16
28.	Yap Bee Kian	2,620,000	0.15
29.	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (LSF)	2,598,200	0.15
30.	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (LGF)	2,540,466	0.15

NOTICE OF THE 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (22nd) Annual General Meeting (“AGM”) of HONG SENG CONSOLIDATED BERHAD (“Hong Seng” or “the Company”) will be held at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 27 February 2023 at 9:30 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2022 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**
2. To approve the payment of Directors’ fees and/or benefits of up to RM450,000.00 for the period commencing from the date immediately after this 22nd AGM until the date of the next AGM of the Company. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire by rotation pursuant to Article 107(1)(b) of the Company’s Constitution:-
 - (i) Dato’ Seri Teoh Hai Hin **(Ordinary Resolution 2)**
 - (ii) Mr. Lester Chin Kent Lake **(Ordinary Resolution 3)**
4. To re-elect the following Directors who retire pursuant to Article 100 of the Company’s Constitution:-
 - (i) Dato’ Mohamed Suffian Bin Awang **(Ordinary Resolution 4)**
 - (ii) Ms. Lee Li Chain **(Ordinary Resolution 5)**
 - (iii) Dato’ Kang Chez Chiang **(Ordinary Resolution 6)**
5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

6. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)** **(Ordinary Resolution 8)**

“THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time (“the Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT the Mandate shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

NOTICE OF THE 22ND ANNUAL GENERAL MEETING (CONT'D)

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of Hong Seng AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of Hong Seng in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")

(Ordinary Resolution 9)

"THAT authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries ("the Group") to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.2.2 of the Circular to shareholders dated 30 January 2023 which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law 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
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

NOTICE OF THE 22ND ANNUAL GENERAL MEETING (CONT'D)

8. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

(Special Resolution)

“THAT the proposed amendments to the Constitution of the Company as set out in “Appendix A”, be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”

9. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (CCM PC NO.: 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

30 January 2023

Notes:

- (a) A member who is entitled to attend, participate, speak and vote at the 22nd AGM of the Company (“Meeting”) shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (f) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting:-
 - In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Poll Administrator appointed by the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

NOTICE OF THE 22ND ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

- By electronic means

The Proxy Form can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Notes for the Meeting on the procedure for electronic lodgement of the proxy form via TIIH Online.

- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 68 of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 February 2023. Only members whose names appear in the General Meeting Record of Depositors as at 20 February 2023 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- (h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- (i) The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- (j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the Meeting at short notice. Kindly check Bursa Securities' and the Company's website at <https://www.hongseng.com.my/> for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 September 2022**

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. **Item 2 of the Agenda – Directors' Fees and/or Benefits**

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after this 22nd AGM until the date of the next AGM of the Company. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

NOTICE OF THE 22ND ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS (CONT'D)

3. Items 3 and 4 of the Agenda – Re-election of Directors

Article 107(1)(b) of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not a multiple of three, then the number nearest to one-third (1/3) shall retire from office and an election of Directors shall take place PROVIDED ALWAYS THAT each Director shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of six (6) Directors of the Company (excluding Dato' Mohamed Suffian Bin Awang, Ms. Lee Li Chain and Dato' Kang Chez Chiang who will be retiring pursuant to Article 100 of the Company's Constitution) are to retire pursuant to Article 107(1)(b) of the Company's Constitution.

Article 100 of the Company's Constitution provides that any Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the conclusion of the next AGM, but shall be eligible for re-election (but shall not be taken into account in determining the number of Directors to retire by rotation at that meeting).

Dato' Seri Teoh Hai Hin and Mr. Lester Chin Kent Lake will retire by rotation pursuant to Article 107(1)(b) of the Company's Constitution whereas Dato' Mohamed Suffian Bin Awang, Ms. Lee Li Chain and Dato' Kang Chez Chiang will retire pursuant to Article 100 of the Company's Constitution. All these retiring Directors being eligible, have offered themselves for re-election at the 22nd AGM.

The Board has endorsed the Nomination Committee's recommendation to seek the shareholders' approval to re-elect the said retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The said retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the said retiring Directors are provided in the Profile of the Board of Directors on Pages 8 to 17 of the Company's Annual Report 2022.

4. Item 6 of the Agenda – General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 8 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future business expansion and/or investment activities or project(s), working capital, repayment of borrowings and/or acquisition(s).

The Company had at its Twenty-First AGM held on 25 February 2022 ("21st AGM"), obtained a general mandate pursuant to Section 75 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("General Mandate"). This General Mandate will expire at the conclusion of the 22nd AGM.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 8, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 21st AGM which will lapse at the conclusion of this 22nd AGM.

NOTICE OF THE 22ND ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS (CONT'D)

5. Item 7 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature

The Ordinary Resolution 9 proposed under item 7 of the Agenda, if passed, will allow the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to shareholders dated 30 January 2023 for further information.

6. Item 8 of the Agenda – Proposed Amendments to the Constitution of the Company

The proposed amendments to the Constitution of the Company under item 8 of the Agenda are mainly to streamline the articles with the relevant requirements as well as to enhance administrative efficiency.

The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five percent (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD (“THE COMPANY”)

This is the Appendix A referred to in Agenda 8 of the Notice of Twenty-Second Annual General Meeting of the Company dated 30 January 2022.

Article No.	Existing Article	Proposed Article								
5 <i>Interpretation Clause</i>	<table border="1"> <thead> <tr> <th data-bbox="373 533 608 577">Words</th> <th data-bbox="608 533 901 577">Meanings</th> </tr> </thead> <tbody> <tr> <td data-bbox="373 577 608 651">Company</td> <td data-bbox="608 577 901 651">Hong Seng Consolidated Berhad.</td> </tr> </tbody> </table>	Words	Meanings	Company	Hong Seng Consolidated Berhad.	<table border="1"> <thead> <tr> <th data-bbox="927 533 1161 577">Words</th> <th data-bbox="1161 533 1457 577">Meanings</th> </tr> </thead> <tbody> <tr> <td data-bbox="927 577 1161 651">Company</td> <td data-bbox="1161 577 1457 748">Hong Seng Consolidated Berhad including any change of name from time to time.</td> </tr> </tbody> </table>	Words	Meanings	Company	Hong Seng Consolidated Berhad including any change of name from time to time.
Words	Meanings									
Company	Hong Seng Consolidated Berhad.									
Words	Meanings									
Company	Hong Seng Consolidated Berhad including any change of name from time to time.									
56 <i>New shares to be offered to existing Members</i>	<p>Subject to any direction to the contrary that may be given by the Company in a Meeting of Members, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of Meeting of Members in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.</p>	<p>Subject to any direction to the contrary that may be given by the Company in a Meeting of Members, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of Meeting of Members in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.</p> <p>For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries or approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable.</p>								

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
56 (Cont'd)		In any case and in respect of any issuance of shares or convertible securities, the preemptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply.
57 <i>Application of waiver of Meetings of Members</i>	Notwithstanding Article 56 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Sections 75 and 76 of the Act, the Company may apply to the relevant stock exchanges on which its shares are listed for waiver of convening a Meeting of Members to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued capital.	Notwithstanding Article 56 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Sections 75 and 76 of the Act, the Company may apply to the relevant stock exchanges on which its shares are listed for waiver of convening a Meeting of Members to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues during the preceding twelve (12) months of which in any one financial year do not exceed ten per cent (10%) of the total number of issued shares of the Company capital.
60 <i>Annual general meetings</i>	The Company shall hold an annual general meeting in every calendar year in addition to any other Meetings of Members to transact the business of an annual general meeting as set out under section 340(1) of the Act. The annual general meeting shall be held within six (6) months of the Company's financial year end and not more than fifteen (15) months after the last preceding annual general meeting.	The Company shall hold an annual general meeting in every calendar year in accordance with the Act in addition to any other Meetings of Members to transact the business of an annual general meeting as set out under section 340(1) of the Act. The annual general meeting shall be held within six (6) months of the Company's financial year end and not more than fifteen (15) months after the last preceding annual general meeting.

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
<p>76</p> <p><i>How resolution to be decided at Meetings of Members</i></p>	<p>Every resolution submitted to any Meeting of Members shall be decided by a show of hands unless:-</p> <p>(a) it is a resolution which is set out in the notice of Meeting of Members, or in any notice of resolution which may properly be moved and is intended to be moved at any Meeting of Members, whereupon such resolution shall be voted by poll; or</p> <p>(b) before or upon the declaration of the result of the show of hands, a poll is demanded:</p> <p>(i) by the Chairman; or</p> <p>(ii) by at least three (3) Members present in person or by proxy or by power of attorney; or</p> <p>(iii) by any Member or Members present in person or by proxy or power of attorney holding or representing not less than one-tenth (1/10) of the total voting rights of all the Members having the rights to vote on the resolution; or</p> <p>(iv) by a Member or Members present in person holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p>	<p>A resolution put to vote at any meeting of Members (other than the election of the Chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands unless a poll is demanded) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken. The Company shall appoint at least one (1) scrutineer for the purpose of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p> <p>The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.</p>
<p>79</p> <p><i>How poll is to be taken</i></p>	<p>If a poll is duly demanded it shall be taken in such manner and at such time and place as the Chairman of the meeting shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be the resolution of the meeting at which the poll was required or demanded. The demand for a poll may be withdrawn.</p>	<p>-deleted-</p>

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
85 <i>Appointment of proxy and who can act as proxy</i>	A Member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a Meeting of Members of the Company but shall not be entitled to appoint more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.	A Member shall be entitled to appoint more than one (1) another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a Meeting of Members of the Company but shall not be entitled to appoint more than two (2) proxies to attend the same meeting . Where a Member appoints more than one (1) proxy two (2) proxies , he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
100 <i>Power to add Directors</i>	The Directors shall have power from time to time and at any time to appoint additional Directors either to fill a casual vacancy or as an addition to the Board of Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed by or pursuant to this Constitution. A Director so appointed shall hold office only until the conclusion of the next annual general meeting, but shall be eligible for re-election (but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting).	The Directors shall have power from time to time and at any time to appoint additional Directors either to fill a casual vacancy or as an addition to the Board of Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed by or pursuant to this Constitution . A Director so appointed shall hold office only until the conclusion of the next annual general meeting, but shall be eligible for re-election (but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting).
117 <i>Cessation of alternate Directors</i>	The appointment of an alternate Director shall ipso facto determine: (a) if his appointor ceases for any reason to be a Director; or (b) if his appointor revokes his appointment by delivering a notice in writing to the Office; or (c) if he is removed by a resolution of the Directors.	The appointment of an alternate Director shall ipso facto ceases determine: (a) if his appointor ceases for any reason to be a Director; or (b) if his appointor revokes his appointment by delivering a notice in writing to the Office; or (c) if he is removed by a resolution of the Directors.
123 Fully virtual or hybrid meeting of the Directors <i>Teleconferencing</i>	A Director shall be deemed to be present at a meeting of Directors if he participates by telephone, video-conferencing or other electronic means and all Directors participating in the meeting are able to hear each other and recognise each other's voice and for this purpose, participation constitutes prima facie proof of recognition. For the purposes of recording attendance, the Chairman or Secretary shall mark on the attendance sheet that the Director was present and participating by telephone, video-conferencing or other electronic means.	The meeting of the Directors may be held fully virtual or hybrid at more than one venue using any technology or method. A member of the Board or any invitees may participate in the meeting by means of a telephone conference, or any other audio, or audio visual, or communication means which allows all persons participating in the meeting to hear and speak with each other and such Director or person shall be regarded for all purposes as personally attended such a meeting and such Director shall be counted in a quorum and be entitled to vote on the resolutions tabled at the meeting.

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
<p>128</p> <p><i>Meeting of Committees</i></p>	<p>A Committee may meet and adjourn as its members think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes the Chairman shall have a second or casting vote except when only two (2) committee members are present and form a quorum or only two (2) are competent to vote on the question at issue.</p>	<p>(a) Notwithstanding any provisions to the contrary contained in this Constitution, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members of such committee present and in the case of any equality of votes, the Chairman shall have a second or casting vote.</p> <p>(b) Unless otherwise determined by the Directors from time to time, notice of all committee meetings shall be given and circulated to all committee members by facsimile, electronic mail or such other communication modes/equipment, unless such requirement is waived by a majority of them. Except in the case of an emergency, reasonable notice of every committee meeting shall be given in writing. The majority of the committee members may waive notice of any meeting and any such waiver may be retroactive.</p> <p>(c) In the event issues requiring the committee's decision arise between meetings, such issues may be resolved through circular resolutions of the committee. Such circular resolution in writing signed by a majority of the committee members shall be deemed valid and effectual if it is signed or approved by letter, facsimile or any electronic means by members of the committee pursuant to this Constitution. All such resolutions shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her/him in the Company's minute book. Any such resolution may consist of several documents in like form (prepared and circulated by facsimile or electronic mail or other communication modes/equipment), each signed by one (1) or more committee members. An approval by letter or other written means of a proposed circular resolution in writing (which has been prepared and circulated as aforesaid) signed by a committee member and sent by him by facsimile or electronic mail or other communication modes/equipment shall be deemed to be a document signed by him for the purposes of the foregoing provisions.</p>

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
128 (Cont'd)		<p>(d) The committee meetings may be held by fully virtual or hybrid at more than one venue using any technology or method. A committee member or any invitees may participate in the meeting by means of a telephone conference, or any other audio, or audio visual, or communication means that allows all persons participating in the meeting to hear and speak with each other and such committee member or person shall be regarded for all purposes as personally attended such a meeting and such committee member shall be counted in a quorum and be entitled to vote on the resolutions tabled at the committee meeting.</p>
<p>141A</p> <p>Validity of Electronic / Digital Signature</p>	<p>New provision</p>	<p>For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:</p> <p>(a) a holder of Shares; (b) a Director (including Alternate Director); (c) a committee member; (d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative,</p> <p>shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.</p>

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
160 <i>Preparation, circulation and publication and issuance of audited financial statements and reports of the directors and auditors thereon</i>	The Directors shall cause to be prepared, sent to every Member and laid before the Company in its annual general meeting the audited financial statements and reports of the directors and auditors in accordance with the Act. The interval between close of a financial year end of the Company and the issue of the audited financial statements and reports of the directors and auditors shall not exceed four (4) months or such other period as permitted by the Act and Listing Requirements.	The Directors shall cause to be prepared and circulated , sent to every Member and laid before the Company in its annual general meeting the audited financial statements and reports of the directors and auditors in accordance with the Act. The interval between close of a financial year end of the Company and the issue of the audited financial statements and reports of the directors and auditors shall not exceed four (4) months or such other period as permitted by the Act and Listing Requirements. A copy of each of the abovementioned documents in printed form or in CD-ROM or in such other form of electronic media or means or any combination thereof permitted under the Listing Requirements and the Act shall, not less than twenty-one (21) days before the date of the general meeting (or such shorter period as may be agreed by all Members entitled to attend and vote at the meeting), be sent or circulated to every Member of the Company, and to every holder of debentures of the Company and to every other person who is entitled to receive notice of general meetings from the Company under the provisions of the Act or of this Constitution, provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware (or to the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise) and which does not appear on the Record of Depositors or the Register as the case may be, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.
161 <i>Accounts to be audited</i>	Once at least in every year the financial statements of the Company shall be examined, and the correctness of the profit and loss accounts and balance sheet ascertained by one or more auditor or auditors, and the provisions of the Act and any modification or re-enactment thereof for the time being in force in regard to audit and auditors shall be observed.	Once at least in every financial year the financial statements of the Company shall be examined, and the correctness of the profit and loss accounts and balance sheet ascertained by one or more auditor or auditors, and the provisions of the Act and any modification or re-enactment thereof for the time being in force in regard to audit and auditors shall be observed.
161A <i>Auditors</i>	New provision	Auditors shall be appointed in accordance with the provisions of the Act and their duties shall be regulated in accordance with the Act.

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HONG SENG CONSOLIDATED BERHAD ("THE COMPANY") (CONT'D)

Article No.	Existing Article	Proposed Article
175 <i>Listing Requirements</i>	<p>This Constitution shall be construed with strict compliance to the Listing Requirements in that:-</p> <p>(1) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done.</p> <p>(2) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.</p> <p>(3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).</p> <p>(4) If the Listing Requirements require this Constitution to contain a provision and they do not contain such a provision, this Constitution is deemed to contain that provision.</p> <p>(5) If the Listing Requirements require this Constitution not to contain a provision and they contain such a provision, this Constitution is deemed not to contain that provision.</p> <p>(6) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.</p> <p>Notwithstanding the above, nothing herein shall prevent the Company from applying to the exchange for any waiver of any of the Listing Requirements and in the event the compliance or observance of any of the Listing Requirements is waived by the Exchange, the Company shall be exempted from such compliance.</p>	<p>This Constitution shall be construed with strict compliance to the Listing Requirements in that:-</p> <p>(1) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done.</p> <p>(2) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.</p> <p>(3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).</p> <p>(4) If the Listing Requirements require this Constitution to contain a provision and they do not contain such a provision, this Constitution is deemed to contain that provision.</p> <p>(5) If the Listing Requirements require this Constitution not to contain a provision and they contain such a provision, this Constitution is deemed not to contain that provision.</p> <p>(6) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.</p> <p>Notwithstanding the above, nothing herein shall prevent the Company from applying to the Exchange exchange for any waiver of any of the Listing Requirements and in the event the compliance or observance of any of the Listing Requirements is waived by the Exchange, the Company shall be exempted from such compliance. This Article shall only apply so long as any of the Securities of the Company are listed on the Exchange.</p>

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE TWENTY-SECOND ANNUAL GENERAL MEETING OF HONG SENG CONSOLIDATED BERHAD (“HONG SENG” OR “COMPANY”) (“22ND AGM” OR “MEETING”)

Date : Monday, 27 February 2023
Time : 9:30 a.m. or at any adjournment thereof
Venue : Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia

REGISTRATION ON THE DAY OF MEETING

1. Registration will commence at 8:30 a.m.
2. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification.
3. A voting slip and an identification wristband will be given to you thereafter. No one will be allowed to enter the meeting room without an identification wristband.
4. Registration must be done in person. No person is allowed to register on behalf of another.
5. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate at the Meeting must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor Investor & Issuing House Services Sdn. Bhd. not later than **Saturday, 25 February 2023 at 9:30 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 25 February 2023 at 9:30 a.m.**

(ii) By electronic form

The proxy form can be electronically lodged with the Poll Administrator via TIIH Online at <https://tjih.online>. Kindly refer to the Administrative Notes for the 22nd AGM on the Procedures for Electronic Submission of Proxy Form.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 25 February 2023 at 9:30 a.m.** to participate in the Meeting. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

ADMINISTRATIVE NOTES (CONT'D)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 25 February 2023 at 9:30 a.m.** to participate in the Meeting. The certificate of appointment should be executed in the following manner:-

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:-
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below:-

Procedure	Action
i. Steps for Individual Shareholders	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" by selecting "Create Account by Individual Holder". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "HONG SENG CONSOLIDATED BERHAD 22ND AGM - SUBMISSION OF PROXY FORM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote. • Review and confirm your proxy(ies) appointment. • Print proxy form for your record.

ADMINISTRATIVE NOTES (CONT'D)

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below:- (Cont'd)

Procedure	Action
ii. Steps for Corporation or Institutional Shareholders	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under "ENQUIRY" section below if you need clarifications on the user registration.</p>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate event: "HONG SENG CONSOLIDATED BERHAD 22ND AGM - SUBMISSION OF PROXY FORM" • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "SUBMISSION OF PROXY FORM" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate event: "HONG SENG CONSOLIDATED BERHAD 22ND AGM - SUBMISSION OF PROXY FORM". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

PROCEDURES OF THE MEETING

In the interest of public health including the well-being of our members, members must cooperate with the following precautionary measures put in place by the Company should members or proxies wish to attend the Meeting in person. Your safety and health are the Company's top priority.

The date of Record of Depositors for the AGM is 20 February 2023. As such, only members whose name appears in the Record of Depositors of the Company as at 20 February 2023 shall be entitled to attend the AGM and to attend, participate, speak and vote thereat.

- Members are encouraged to appoint the Chairman of the Meeting to act as a proxy to attend and vote at the Meeting on their behalf by submitting the Proxy Form with predetermined voting instructions.
- Members or proxies must sanitise their hands and to wear a face mask throughout the Meeting if they are attending the Meeting in person. Please note that no face mask will be provided at the Meeting venue.
- Members or proxies are advised to observe/maintain social distancing of at least 1 meter from each other throughout the Meeting.

ADMINISTRATIVE NOTES (CONT'D)

PROCEDURES OF THE MEETING (CONT'D)

- (d) Members or proxies are advised to arrive early at the Meeting venue given the above-mentioned precautionary measures which may cause a delay in the registration process.
- (e) **NO door gift** will be provided to the members/proxies.
- (f) The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting.
- (g) **Recording/Photography**

By participating in this AGM, you agree that no part of the AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the Meeting at short notice. Kindly check Bursa Malaysia Securities Berhad's and Company's website at <https://www.hongseng.com.my/> for the latest updates on the status of the Meeting.

ENQUIRY

If you have any questions regarding the Proxy Form, please contact the Company's Poll Administrator during office hours on Mondays to Fridays from 8:30 a.m. to 5:30 p.m. (except public holidays) prior to the Meeting:-

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Contact Person : Puan Nor Faeayzah
+603-2783 9274 (Nor.Faeayzah@my.tricorglobal.com)
Cik Nur Shafikah
+603-2783 9293 (nur.shafikah@my.tricorglobal.com)

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HONG SENG CONSOLIDATED BERHAD
REGISTRATION NO. 200101001581 (537337-M)

PROXY FORM

(Before completing this form please refer to the notes below)

NO. OF SHARES HELD	CDS ACCOUNT NO.

I/We* _____
(Full name in block) NRIC/Passport/Registration No.* _____

of _____
(Address)

with email address: _____ mobile phone no.: _____

being a member/members* of **HONG SENG CONSOLIDATED BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty-Second (22nd) Annual General Meeting ("AGM") of the Company to be held at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 27 February 2023 at 9:30 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and/or benefits of RM450,000.00 for the period commencing from the date immediately after this 22 nd AGM until the date of the next AGM of the Company.		
2.	To re-elect Dato' Seri Teoh Hai Hin as a Director of the Company.		
3.	To re-elect Mr. Lester Chin Kent Lake as a Director of the Company.		
4.	To re-elect Dato' Mohamed Suffian Bin Awang as a Director of the Company.		
5.	To re-elect Ms. Lee Li Chain as a Director of the Company.		
6.	To re-elect Dato' Kang Chez Chiang as a Director of the Company.		
7.	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company.		
8.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	To approve the Proposed Renewal of Existing Shareholders' Mandate.		
NO.	SPECIAL RESOLUTION	FOR	AGAINST
1.	To approve the Proposed Amendments to the Constitution of the Company.		

* delete whichever not applicable

Dated this _____ day of _____ 2023

Signature of Member(s) / Common Seal

Notes:-

- (a) A member who is entitled to attend, participate, speak and vote at the 22nd AGM of the Company ("Meeting") shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (f) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting:-
- In hard copy form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Poll Administrator appointed by the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - By electronic means
The Proxy Form can be electronically lodged via TIIH Online website at <https://tjih.online>. Please refer to the Administrative Notes for the Meeting on the procedure for electronic lodgement of the proxy form via TIIH Online.
- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 68 of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 February 2023. Only members whose names appear in the General Meeting Record of Depositors as at 20 February 2023 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- (h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- (i) The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- (j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the Meeting at short notice. Kindly check Bursa Securities' and the Company's website at <https://www.hongseng.com.my/> for the latest updates on the status of the Meeting.

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AFFIX
STAMP

The Poll Administrator of
HONG SENG CONSOLIDATED BERHAD
c/o Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

Fold this flap for sealing



www.hongseng.com.my

HONG SENG CONSOLIDATED BERHAD

Reg No: 200101001581 (537337-M)

C-01-3, Block C, Plaza Glomac
No. 6, Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya, Selangor

Tel: 603-7887 1666
Fax: 603-7887 1766