OPPORTUNITIES ADMIST CRISIS

HONG SENG CONSOLIDATED BERHAD

2021 ANNUAL REPORT

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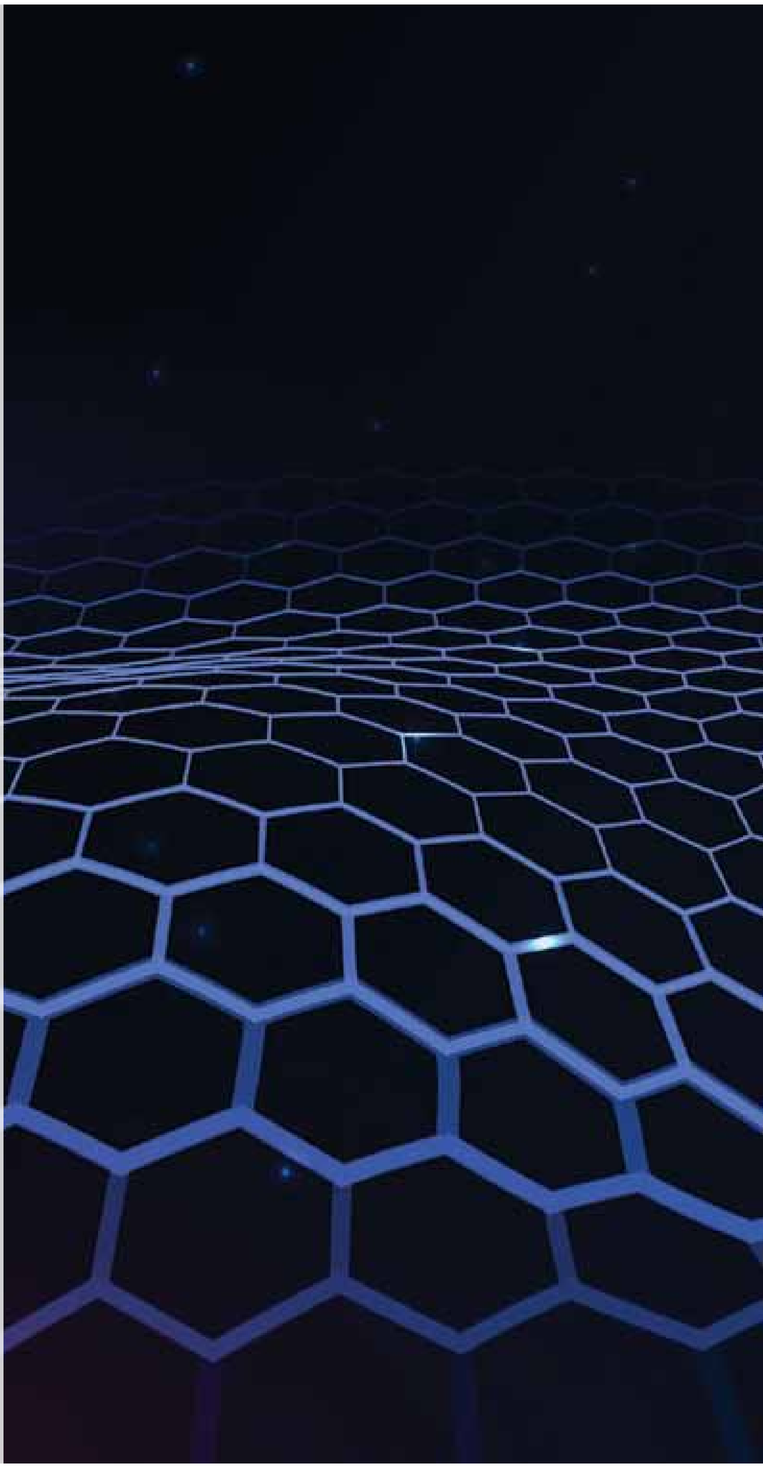


CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SERI TEOH HAI HIN
Group Managing Director

KENNY KHOW CHUAN WAH
Executive Director

LESTER CHIN KENT LAKE
Executive Director

CHRISTOPHER CHAN HOOI GUAN
Executive Director

LEONG KAM SOON
Independent Non-Executive Director

YAP KIEN MING
Independent Non-Executive Director

NG KEOK CHAI
Independent Non-Executive Director

TEOH SOON HAN
Alternate Director to Dato' Seri Teoh Hai Hin

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Seow Fei San (MAICSA 7009732)
(SSM Practising Certificate No. 201908002299)

Mok Mee Kee (MAICSA 7029343)
(SSM Practising Certificate No. 201908002288)

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square, 17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan Malaysia

Tel : +603-7803 1126
Fax : +603-7806 1387

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, Malaysia

Tel : +603-7887 1666
Fax : +603-7887 1766

PRINCIPAL BANKERS

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

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 Malaysia

Tel : +603-2692 4022
Fax : +603-2732 5119
Website : www.grantthornton.com.my

SOLICITORS

Peter Ling & Van Geyzel

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : +603-7890 4700 (Help desk)
Fax : +603-7890 4670
Website : www.boardroomlimited.com

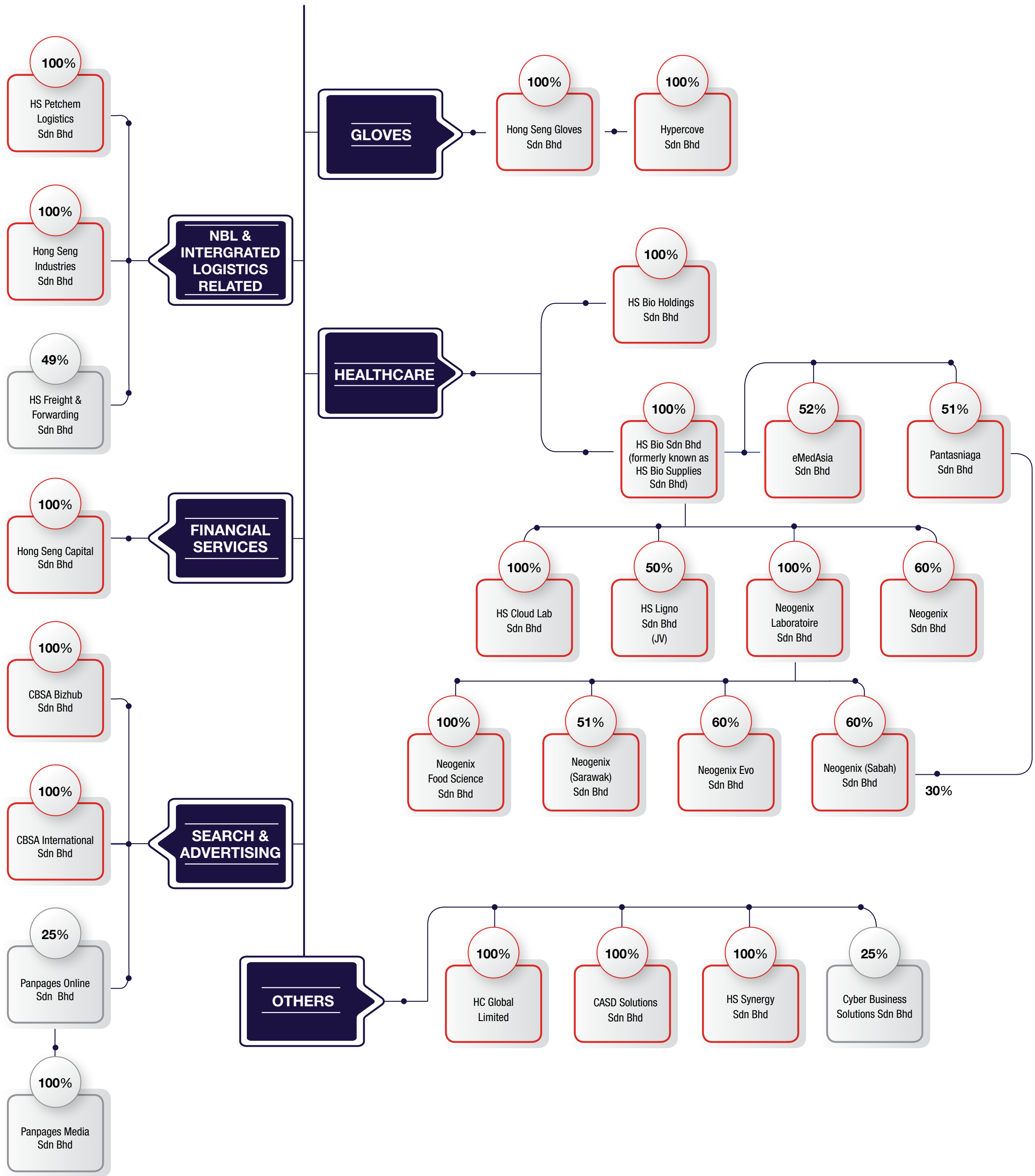
STOCK EXCHANGE LISTING

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

CORPORATE WEBSITE

Website : https//www.hongseng.com.my

CORPORATE **STRUCTURE**

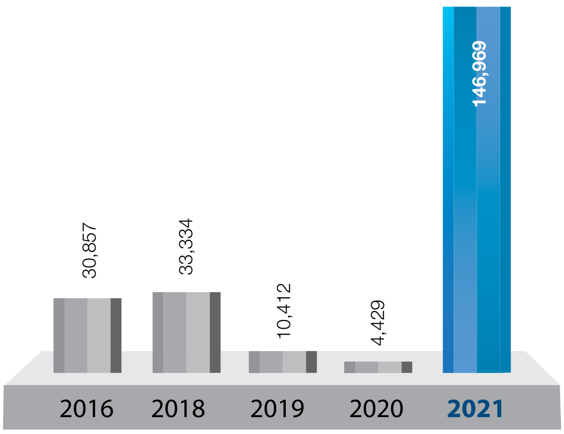


5 YEARS
FINANCIAL HIGHTLIGHTS

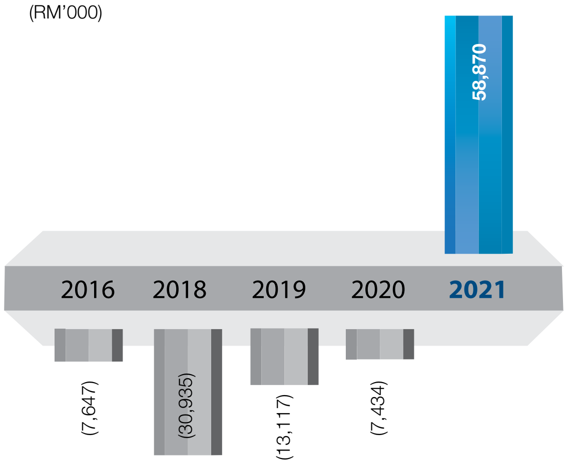
Results of Operation		2016*	2018@	2019	2020	2021#
Revenue	RM'000	30,857	33,334	10,412	4,429	**146,969**
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	RM'000	(4,165)	(25,181)	(11,371)	(6,870)	**72,455**
(Loss)/Profit Before Taxation	RM'000	(8,702)	(29,287)	(12,624)	(7,458)	**69,848**
(Loss)/Profit After Taxation	RM'000	(7,647)	(30,935)	(13,117)	(7,434)	**58,870**
Net (Loss)/Profit Attributable To Equity Holders	RM'000	(7,751)	(30,693)	(13,072)	(7,434)	**46,366**
Financial Position						
Total Assets	RM'000	68,354	41,145	23,047	65,526	**336,625**
Total Borrowings	RM'000	2,821	3,294	2,164	1,949	**16,199**
Equity Attributable to Owners of the Company	RM'000	55,750	30,842	16,988	61,328	**272,417**
Financial Indicators						
Return On Equity	%	(14.00)	(100.00)	(77.00)	(12.00)	**17.00**
Return On Total Assets	%	(11.00)	(75.00)	(57.00)	(11.00)	**14.00**
Gearing Ratio	times	–	0.10	0.13	0.03	**0.06**
Interest Cover	times	(12.30)	(79.30)	(50.77)	(42.49)	**142.45**
(Loss)/Earnings Per Share	sen	(3.20)	(11.80)	(4.92)	(2.55)	**3.25**
Net Assets Per Share	sen	22.50	11.30	6.40	19.25	**11.53**
Share Price as at The Financial Year/Period Ended	RM	0.30	0.26	0.24	0.06	**2.42**

* Year ended 31 December
@ 15-month period ended 31 March
# 18-month period ended 30 September

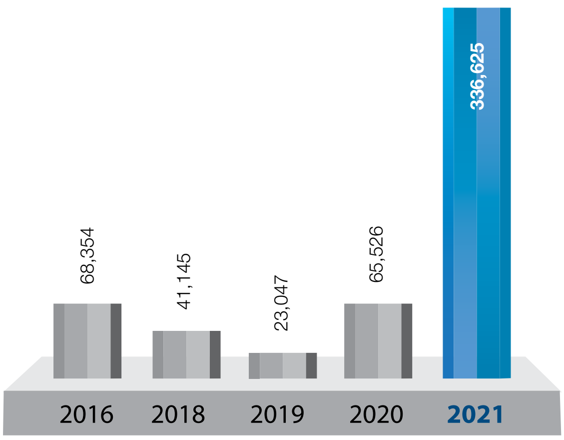
REVENUE
(RM'000)



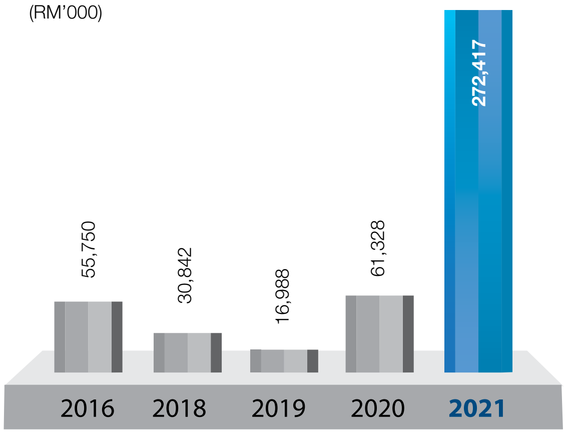
(LOSS)/PROFIT AFTER TAXATION
(RM'000)



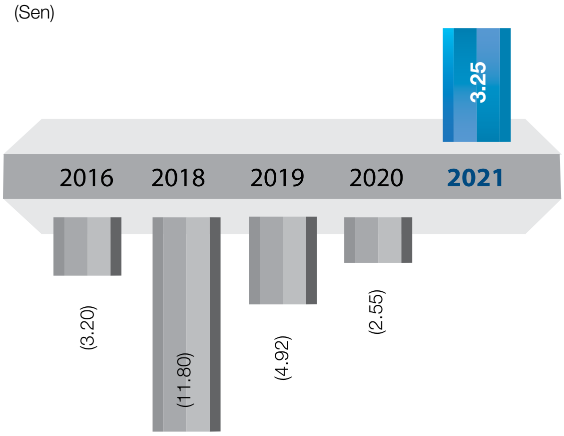
TOTAL ASSETS
(RM'000)



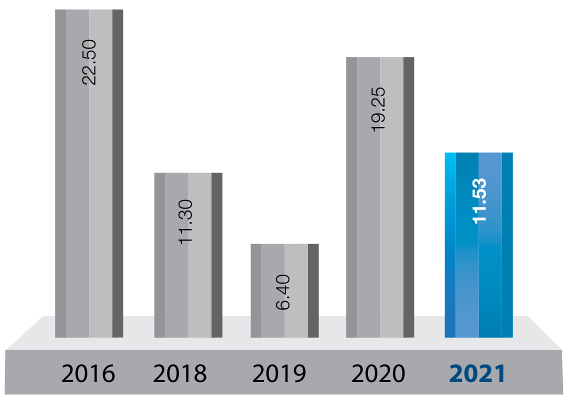
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



(LOSS)/EARNINGS PER SHARE
(Sen)



NET ASSETS PER SHARE
(Sen)



GROUP MANAGING
DIRECTOR'S STATEMENT

On behalf of the Board of Directors, it is my honour to present to you the Annual Report and the Audited Financial Statements of Hong Seng Consolidated Berhad ("Hong Seng") or the ("the Company") for the financial period ended 30 September 2021 ("FPE 2021")

DATO' SERI TEOH HAI HIN
Group Managing Director

I was on board at Hong Seng Consolidated Berhad ("Hong Seng" or "the Company") and its subsidiaries ("the Group" or "Hong Seng Group") less than two years, it has been a great journey where I have witnessed the tremendous growth and expansion of the Group.

With the new business ventures and opportunities arise from the pandemic, Hong Seng has gone through many changes and has diversified our business to include healthcare, glove manufacturing, Nitrile Butadiene Latex manufacturing and intergrated logistics related services.

As a result of these diversification efforts, Hong Seng has delivered a commendable performance on both financial and operational fronts with a profit for the financial period under review, after several years of losses. The investments and improvements made after our ventures into healthcare segment have gained traction and are yielding results which will continue to deliver positive financial returns for coming years. Despite a challenging market recently, the enlarged Hong Seng Group is expected to carry on in the same trajectory especially when the glove manufacturing business is in full force by end of this year.

In closing, on behalf of the Board, I would like to express our appreciation to all who have supported our operations, including our vendors, employees and management team. Our achievement of positive results for the financial period under review for the first time after experience few years losses is a testament to you. Our thanks also to our customers for their unwavering support of our products and services, and our shareholders for their continued confidence.

We are blessed to be a key market player in the healthcare with upcoming glove and NBL supply chain industries and will continue to persevere in ensuring that we uphold our commitment to building a robust business with a regional outlook.

PROFILE OF
THE BOARD OF DIRECTORS

DATO' SERI TEOH HAI HIN

Group Managing Director
(Redesignated on 1 June 2021)

Nationality:
Malaysian

Age:
62

Gender:
Male

Date Appointed on Board:
5 August 2020

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Attended 5 of 5 meetings

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 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 business also include assets management, property developer and constructions.

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 of overseeing the Group's operations and has been instrumental in the growth and development of Hong Seng Group. In addition, he also sits as Board member of Hong Seng Group of Companies.

Dato' Seri Teoh has also been appointed as 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 the father of Ms. Teoh Soon Han who is an alternate director to Dato' Seri Teoh. His brothers, namely, Teoh Hai Peng, Teoh Hai Bim and Teoh Hai Seng are former major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Dato' Seri Teoh is a major shareholder of the Company. His interest in the securities of the Company is disclosed in page 160 and 166.

KENNY KHOW CHUAN WAH

Executive Director

Nationality:
Malaysian

Age:
47

Gender:
Male

Date Appointed on Board:
21 September 2018

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Attended 6 of 6 meetings

Kenny Khow Chuan Wah holds a degree in Accounting and Finance (Distinction) from the University of Technology, Sydney. He is a member of the Malaysian Institute of Accountants and CPA Australia.

He has more than thirteen (13) years of experience as an auditor with PricewaterhouseCoopers Malaysia, including a two (2) years secondment from the year 2004 to the year 2006 at PricewaterhouseCoopers London.

He joined PricewaterhouseCoopers in the year 1997 and has extensive experience in the area of corporate exercises covering the initial public offering, the demerger of a listed entity, management and integration of two (2) major companies in Malaysia, privatisation of a major listed entity, rights issue, issuance of debt securities, as well as the sale and leaseback of key assets.

His other work experience includes financial due diligence, advisory, and numerous cross-border securities offering. He also sits on the Board of Directors of MMAG Holdings Berhad and CSH Alliance Berhad (formerly known as KTG Berhad) as an Executive Director.

He has been appointed as Independent Non-Executive Director of Green Packet Berhad on 14 January 2022.

As the Executive Director of the companies, in addition to overseeing groups' financial affairs, including accounting, finance, tax, and treasury, he also oversees human resources-related matters and other administrative duties.

Kenny has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Kenny's interest in the securities of the Company is disclosed in page 160 and 166.

LESTER CHIN KENT LAKE

Executive Director

Nationality:
Malaysian

Age:
36

Gender:
Male

Date Appointed on Board:
11 February 2021

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Attended 3 of 3 meetings

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 as an Assistant Manager within two (2) years. During his stint as the Assistant Manager, he was responsible in ensuring timely preparation of all relevant documents and assist 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 recommendation on sectors and stocks in designated segments, oversee production and coordination of retail research reports and events, oversee educational seminars and presentations for retail investors, active monitoring of the micro and macro factors affecting the sectors and companies under coverage and etc.

Lester had recently left UOB Kay Hian in October 2020 as the Associate Director of Equity Capital Markets, a position he has held since 2017 whereby he was responsible to oversee equity underwriting and placement activities of company, access requirements, examine strategies, and propose 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 has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Lester is a major shareholder of the Company. His interest in the securities of the Company is disclosed in page 160 and 166.

CHRISTOPHER CHAN HOOI GUAN

Executive Director

Nationality:
Malaysian

Age:
55

Gender:
Male

Date Appointed on Board:
16 March 2021

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Attended 2 of 2 meetings

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 Axiom Corporation in the US as a business consultant before subsequently coming back to Malaysia in 1996.

Next, Chris started his own company, eventually expanding 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 listed company and helped to develop the strategic direction of the 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 the Group Chief Executive Officer in 2015.

Chris currently serves on the board and is a substantial shareholder of TMS Software Sdn. Bhd. (TMS) and Open Dynamics Sdn. Bhd. (ODSB). He also is a co-founder and shareholder of Joget Inc., another software company based in the US where he served as a substantial shareholder until 2020. In addition, he also serves as the Director of eMedAsia Sdn. Bhd., a digital private healthcare platform, and as the Director of Neogenix Laboratoire Sdn. Bhd., a medical diagnostic and research lab.

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 also served as 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 currently serves as a member of Industry Advisory Board of Help University College.

Chris has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Chris is a substantial shareholder of the Company. His interest in the securities of the Company is disclosed in page 160 and 166.

YAP KIEN MING

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

Nationality:
Malaysian

Age:
57

Gender:
Male

Date Appointed on Board:
19 September 2018

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Attended 6 of 6 meetings

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 Regional Product Manager which is a manufacturers agent for hand tools, cutting tools and non-ferrous materials from 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 the Business Development, Sales and Distribution channels, Technical Training and Support to the 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 holds another Independent Directorship in Vortex Consolidated Berhad.

Mr. Yap has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

He has no direct and/or indirect interests in the securities of the Company.

NG KEOK CHAI

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

Nationality:
Malaysian

Age:
63

Gender:
Male

Date Appointed on Board:
14 November 2019

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Attended 6 of 6 meetings

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' service in 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 Dynaciate Group Berhad and CSH Alliance Berhad (formerly known as KTG Berhad). He has been appointed as Independent Non-Executive Director of Green Packet Berhad on 14 January 2022.

Tuan Ng has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

He has no direct and/or indirect interests in the securities of the Company.

LEONG KAM SOON

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

Nationality:
Malaysian

Age:
64

Gender:
Male

Date Appointed on Board:
26 August 2021

Attendance at Board Meeting during the Financial Period Ended 30 September 2021:
Not applicable as there is no meeting held from the date of his appointement to the date of Financial Period Ended 30 September 2021

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

Mr. Leong served as the Deputy Director of Finance of Stamford College Berhad from 2001 before being promoted to be 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 Finance Manager for a multi-national company specialising in the manufacture of packaging material for beverage 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 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.

Previously, Mr. Leong was on board of MMAG Holdings Berhad as an Independent Non-Executive Director and Chairman of Audit Committee since 4 January 2017 and he subsequently resigned on 1 November 2018.

Mr. Leong has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

He has no direct and/or indirect interests in the securities of the Company.

TEOH SOON HAN

Alternate Director to Dato' Seri Teoh Hai Hin

Nationality:
Malaysian

Age:
37

Gender:
Female

Date Appointed on Board:
5 August 2020

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

She then worked as a Personal Assistant cum Research Assistant to a professor in Universiti Sains Malaysia for more than a year in 2009 prior to joining Hong Seng Group of Companies ("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 appointed on the Board as Executive Director on 5 August 2020. On 19 October 2020, Ms. Teoh was redesignated as Alternate Director to his father, Dato' Seri Teoh.

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 the Group. 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 major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

She has no direct and/or indirect interests in the securities of the Company.

PROFILE OF THE
KEY MANAGEMENT PERSONNEL

The Key Management Personnel are as follows:-

1. **Dato' Seri Teoh Hai Hin**
   Group Managing Director

2. **Lester Chin Kent Lake**
   Executive Director

3. **Christopher Chan Hooi Guan**
   Executive Director

4. **Kenny Khow Chuan Wah**
   Executive Director

The profiles of the key management personnel are outlined in their respective profile on pages 7 to 10.

MANAGEMENT **DISCUSSION & ANALYSIS**

GROUP'S BUSINESS AND OPERATIONS OVERVIEW

Hong Seng Consolidated Berhad ("Hong Seng") and its subsidiaries ("the Group") was formerly in the business of data (directory services) and a service provider to Google and Alibaba as it had collected one of the largest business database in Southeast Asia region. Currently, the Group has valuable data from the directory service business and a financial services business providing flexible financing solutions under its existing business arm.

Over the past year, the Group has aggressively expanded to include four (4) key growth drivers (ie: Healthcare, Glove Manufacturing, Nitrile Butadiene Latex ("NBL") and Integrated Logistics Services which are expected to transform Hong Seng into a conglomerate with diverse business segments that are all able to shine both locally and internationally.

Through its wholly-owned subsidiary, Hong Seng Gloves Sdn. Bhd. ("HS Gloves"), the Group is in the midst of commissioning six (6) units of Nitrile Butadiene Rubber ("NBR") double former glove dipping production lines in glove factory located at Sungai Petani, Kedah Darul Aman. The productions have commenced in October 2021. Subsequently, the Group plans to expand the production capacity up to 16 lines by end of 2022.

Meanwhile, the Group through its wholly-owned subsidiary, Hong Seng Industries Sdn Bhd ("HS Industries") has signed an agreement with the Malaysian Northern Corridor Implementation Authority ("NCIA") to sublease a 102.6-acres industrial land located at Kedah Rubber City ("KRC") for the purpose of setting up its world class integrated NBL manufacturing plant with a planned capacity of up to 960KTPA in four (4) phases. NBL is the raw material required to produce nitrile gloves.

This will enable us to be an integrated glove and NBL manufacturer in Malaysia by having both upstream and downstream segments of the glove manufacturing supply chain. Upon completion, it is expected to contribute up to 20% of the world's total NBL supply.

Lastly but the most interesting of all, the Group is banking on its healthcare arm, HS Bio Sdn. Bhd. ("HS Bio") and its subsidiaries ("HS Bio Group") to be the most comprehensive player in the Malaysian private healthcare sector with its end-to-end medical supply chain management solutions. HS Bio Group is actively involved in managing the entire end-to-end supply chain of COVID-19 testing processes known as HealthChain.

HealthChain encompasses everything from the front-facing and back-end processes, physical logistics, digital healthcare platform, laboratory facilities and research & development ("R&D") services, as well as the provision of medical & healthcare supplies. HS Bio Group aims to digitalise the entire healthcare industry to build a seamless ecosystem for how medical services will be provided and carried out in future.

FINANCIAL RESULTS HIGHLIGHTS

While the pandemic has impacted the world in its destructive form, it has also presented Hong Seng with some opportunities as we ventured into healthcare and glove supply chain businesses amongst others. The Group posted historical high revenue and profits over the last few quarters with its financial performance continued to show improvement as the Group achieved a total revenue of RM147.0 million for the 18 months financial period ended 30 September 2021 ("FPE 2021") mainly contributed by the healthcare segment on supplying of COVID-19 PCR test kits and providing laboratories services for COVID-19 PCR tests, molecular infectious diseases and oncology testing.

Due to the change in financial year end of the Group from 30 March to 30 September with an 18-months financial period, the comparative financial information for the financial period ended 30 September 2021 are not comparable. Overall, the Group recorded profit before tax ("PBT") of RM69.8 million and profit after tax attributable to the owners of the company ("PAT") of RM46.4 million.

SEGMENTAL RESULTS HIGHLIGHTS

Moving on, our healthcare division under a wholly-owned subsidiary, HS Bio began humbly with the acquisition of 51% equity interest in Pantasniaga Sdn. Bhd. ("Pantasniaga"), the authorised distributor of BGI Genomics Co. Ltd. test kits and solutions and obtaining the letter award from Ministry of Health Malaysia to supply to the Institute for Medical Research and Public Health Laboratory Kota Kinabalu, Ministry of Health Malaysia. Secondly, continue with the acquisition of 52% equity interest in eMedAsia Sdn. Bhd. ("eMedAsia"), eMedAsia is in partnership with Koperasi Persatuan Perubatan Malaysia ("KOOPMMA") which owns and operates the digital health portal and marketplace with more than 2,300 members clinics under the domain name www.emedasia.com.

Through the strategic leadership of our management team, the healthcare business has expanded progressively to be one of the most comprehensive players in the Malaysian private healthcare sector with end-to-end medical supply chain management solutions. HS Bio Group is actively involved in managing the entire end-to-end supply chain of COVID-19 testing processes known as HealthChain.

HealthChain encompasses everything from the front-facing and back-end processes, physical logistics, digital healthcare platform, laboratory facilities and R&D services, as well as the provision of medical & healthcare supplies. HS Bio aims to digitalise the entire healthcare industry to build a seamless ecosystem for how medical services will be provided and carried out in future.

As such, the healthcare segment contributed RM128.1 million in revenue and a PBT of RM28.7 million replacing our previous core business of search & advertising segment as the Group's main income generator. The revenue and profits are predominantly contributed by the sales of COVID-19 PCR test kits and providing laboratories services for COVID-19 PCR tests, molecular infectious diseases, and oncology testing during the FPE 2021.

The Group's financial services segment was providing moneylending and hire purchase services for commercial vehicles and heavy machineries through its wholly-owned subsidiary Hong Seng Capital Sdn. Bhd. and Hong Seng Priority Management Sdn. Bhd. ("HSPM"). During the FPE2021, the financial services segment generated RM3.1 million revenue and a loss before tax ("LBT") of RM0.7 million. The moneylending business has extended RM27.5 million of loans/advances to third party corporate loan debtors in the ordinary course of its business as a licensed moneylender in the financial period under review. Subsequently, the Group has disposed the HSPM with a gain of RM33.6 million in FPE 2021.

Meanwhile, the search & advertising segment posted a revenue of RM1.7 million and a PBT of RM0.6 million during the 18 months financial period which is primarily due to rapid media evolution which reshaped the advertising and marketing landscapes and the increasingly competitive environment as well as the COVID-19 pandemic being the factors that caused the drop in revenue for this segment. Following that, the other business segment which includes gloves manufacturing, integrated logistics services, freight forwarding, investment holding and etc. generated a revenue of RM14.1 million from the trading of NBL as well as providing trainings and seminars services and a PBT recorded RM35.3 million due to the gain following the disposal of 100% equity interest in HSPM for a total cash consideration of RM34.5 million.

In FPE 2021, the Group has incurred a total of RM14.7 million in operating expenses which consist of selling and distribution expenses and administration expenses mainly due to cost incurred to marketing all products of the Group, recruitment of additional workforce, increase on operational expenses which in line with the expansion plan of the Group.

The overall non-current assets are currently at RM99.0 million for the FPE 2021 in comparison to RM11.2 million previously as of 31 March 2020 representing an increase of more than 784% which are mostly due to the glove manufacturing plant located at Sungai Petani, Kedah under Hong Seng Gloves Sdn. Bhd. for our glove manufacturing business; the Jengu platform which is an IT platform dedicated to COVID-19 screening, vaccination, and digital health under a joint-venture company, Neogenix Sdn. Bhd. ("NeogenixSB") and goodwill derived from acquisitions in the Group's healthcare subsidiaries.

SEGMENTAL RESULTS HIGHLIGHTS (CONT'D)

Other than that, the Group has an increase of more than 337% for its current assets amounting to RM237.7 million in the current financial period as opposed to only RM54.4 million in financial year 2020 mainly attributable to the healthy cash and bank balances of RM142.4 million from RM22.6 million, inventories of test kits and raw materials for glove manufacturing of RM9.0 million, trade receivables of RM53.2 million to be paid by customers for healthcare segment and loan debtors, and other receivables of RM22.8 million for deposit paid on the sublease of the industrial land in KRC.

As for the Group's non-current liabilities, it is lower now at only RM0.6 million from RM0.9 million due to the contract liabilities had been fully recognised under current financial period. Under current liabilities of RM41.7 million during FPE 2021 as compared to RM3.3 million in the previous financial year, the trade payables have increased to RM7.7 million from RM0.4 million due to purchase of pharmaceutical and medical goods while other payables have also spiked to RM13.3 million from RM1.1 million following the commission of NBR double former glove dipping production lines. Bank borrowings of RM15.3 million was utilised for the financing of purchasing of test kits and the tax payable have also increased to RM5.2 million following the jump in revenue and profits generated during the FPE 2021 under review.

OPERATIONS REVIEW

Healthcare Business

Based on a report from Fitch Solutions Macro Research, Malaysia's healthcare market is expected to grow by 127% to RM127.9 billion in 2027 from the RM56.3 billion in 2017 as the government pushes ahead with higher public healthcare expenditure.

According to another research report by Global Market Insights, the market of digital health technologies, including health IT, wearables, health sensors and any solutions aiming to digitise healthcare, is projected to surpass USD379 billion by 2024.

On the other hand, the global clinical laboratory tests market is anticipated to reach USD320.14 billion by 2028, and it is anticipated to register a CAGR of 7.3% from 2021-2028, according to a new study conducted by Polaris Market Research. The research company added that the market growth is primarily driven by the growing geriatric population, increasing cases of cardiovascular and neurological diseases, and the rapid development of technologically advanced products. In addition to this, huge investments in the epidemiology of target diseases and an increasing number of anatomical pathology tests are complementing the overall growth of the market. The growing focus of government and private companies for the development of advanced laboratory testing procedures and increasing patient-centered approaches for effective disease management is expected to further augment the market progress.

The emergence of the SARS-CoV-2 virus, and the devastating impacts of COVID-19 disease in countries and territories around the world, has brought irrevocable changes to our lives, the global economy, and the industries of which it is comprised. It has brought about a paradigm shift from the conventional way of conducting business to digitalisation and e-commerce.

In view of the above, the Group's strategic expansion into the healthcare business have proven the Group to capture the rising demand on healthcare products and its related services, so as to gain the greatest market presence for possible advantage from the prevailing health crisis.

OPERATIONS REVIEW (CONT'D)

Healthcare Business (cont'd)

The Group has successfully secured multiple contracts from the government worth more than RM150 million for the supply of PCR test kits to the public health institutions through its 51% owned subsidiary, Pantasniaga; expanded the molecular infectious diagnostics and laboratories services to the Northern region and East Malaysia through the 100% owned subsidiary Neogenix Laboratoire Sdn. Bhd. ("Neogenix Lab"), was appointed as the incumbent service provider for the Johor and Singapore border screening under a joint-venture company, NeogenixSB, and is digitalising private healthcare for the public through its eMedAsia platform owned and operated by eMedAsia in partnership with KOOPMMA which has onboarded more than 2,300 private clinics nationwide, amongst others.

Besides that, HS Bio has also set up a joint-venture company, HS Ligno Sdn. Bhd. with Ligno Holdings Sdn. Bhd. to market and distribute the LiGNO's products which aid in building resistance against lung-related and other health issues including, without limitation the Covid-19 virus and has completed the development of a new product named "Tiger Milk Mushroom +" for the Asian market.

Through another wholly-owned subsidiary, HS Cloud Lab Sdn. Bhd. which is principally involved in the business of provisioning laboratory services management system, the Group aims be the aggregator of medical diagnosis and lab R&D services in Malaysia and SEA region connecting the laboratories with the healthcare facilities and institutions.

The Group had also recently completed its acquisition of 51% equity interests in RZAC Immunesafe Sdn. Bhd. ("RZAC"). RZAC is the strategic collaborative partner of Government institutes and agencies which are jointly spearheading the ImmuSAFE™ COVID+ Biochip Test through Neogenix Lab for the purposes of conducting neutralising antibody testing on the population. With RZAC having the exclusive right to the distribution of ImmuSAFE™, RZAC has secured orders and commitments from various government agencies and private companies, including vaccine producers.

In view of the above strategic businesses and the synergies of the healthcare arm, the Group believes that the healthcare businesses will continue to grow while contributing positively to the financial performance of the Group.

Financial Services Business

Over the last financial year, the Group had ventured into the financial services business to provide flexible financing schemes and hire purchase facilities to cater to a broader range of customers such as investment holding companies, SMEs, start-up enterprises, individuals and etc.

Following an attractive offer received in September 2021, the Group had also benefited on the capital gain from the timely disposal of HSPM at a disposal consideration of RM34.5 million, which the gain generated to be utilised to fund our other higher income generating segments such as healthcare and glove manufacturing as well as to reduce cost burden from bank borrowings.

According to RAM Rating Services Berhad, loan growth is projected to come in at 4% in 2022, in line with the anticipated economic recovery post-pandemic. This is a higher rate than the 3% forecasted for 2021 and the 2.5% recorded in August 2021.

As such, the Group believes that the moneylending business will continue to grow organically as we are able to cater for a broader range of customers such as investment holding companies, SMEs, start-up enterprises and others.

Search & Advertising Business

While the Group was built on the foundation of our search & advertising business in the days where almost every household owns a Yellow Pages and Super Pages books and relied heavily on these directories for information on businesses and services, it is no longer relevant in the age of digitalisation and connectivity.

From the olden days of physical business directories services, our search & advertising arm have evolved into developing business platforms, providing business data and marketing services to small medium enterprises and corporate by offering multi-channel marketing solutions and business data licensing.

However, it has now been replaced by our healthcare business as the core business segment of the Group and Hong Seng will be reallocating its resources to expand its healthcare and gloves businesses.

OPERATIONS REVIEW (CONT'D)

Other Businesses

The Group's other businesses include new business ventures such as the glove manufacturing which the plant located in Sungai Petani Kedah which its construction is now completed and the operation has begun; the NBL manufacturing which the plant in KRC, and integrated logistics services, amongst others.

According to a report by Global Market Insights, the global market for nitrile gloves is estimated at USD14.1 billion in the year 2020, is projected to reach a revised size of USD57.1 billion by 2026, growing at a CAGR of 23.3% over the analysis period, amid the COVID-19 crisis. Powder-Free, one of the segments analysed in the report, is projected to grow at a 24.8% CAGR to reach USD59.9 billion by the end of the analysis period.

On the average selling price ("ASP") for nitrile gloves, Hong Leong Investment Bank highlighted that nitrile glove's ASP as at December 2021 is hovering around USD28 to USD30 per thousand pieces and ASPs are expected to normalise by mid-2022.

Banking on the growing market demand on nitrile glove supplies, the Group started its glove manufacturing business back in August 2020 when HS Gloves appointed its turnkey partner, Howellcare Industries Sdn. Bhd. to commission the plant and HS Gloves expects to expand its double-former dipping glove production to sixteen (16) lines by December 2022 from its current phase of six (6) production lines. By then, HS Gloves' production output capacity will be approximately 3.87 billion pieces per annum. While the ASPs of nitrile gloves are expected to normalise to pre-Covid levels, the Group is confident that we will still be able to remain competitive due to the cost efficiency to be derived from the upcoming internal supply of NBL raw materials, the tank farm storage and also the integrated logistics.

Meanwhile, another report by Global Market Insights revealed that the nitrile butadiene rubber latex market size was valued at over USD3.5 billion in 2020 and is estimated to exhibit 10.5% CAGR from 2021 to 2027. The industry is estimated to grow at a CAGR of 10.1% in terms of volume while attaining a valuation of 2.41 million tons through the projected timeframe. Propelling investment in the healthcare industry coupled with growing demand for gloves in the industrial sector will boost the market demand during the assessment period.

On the other hand, the Group through HS Industries had also held the groundbreaking ceremony of its approximately

RM3 billion NBL manufacturing project in KRC together with the support of NCIA on 1 November 2021 officiated by the Menteri Besar of Kedah. The first phase of 240KTPA is expected to commence its commercial production by Quarter 2, 2024 and will then be able to cater up to 100 double-former glove lines as a start.

In addition to reducing the local region's nitrile latex imports and the national trade deficit by approximately RM5.5 billion, the 960KTPA capacity NBL flagship project is expected to attract up to RM5 billion in private investment and creates at least 1,600 job opportunities, thus, positioning Hong Seng as the first public-listed and large-scale nitrile producer in Malaysia while becoming a catalyst for economic recovery for those who have been affected by the pandemic.

Subsequently, Hong Seng's wholly-owned subsidiary HS Petchem Logistics Sdn. Bhd. has also officially received a Letter of Offer from Penang Port Sdn. Bhd. to sub-lease a piece of 12,140 sq.m. leasehold land for 20 years for the purpose of constructing and operating a tank farm facility for feedstocks storage of core materials for nitrile latex production while providing integrated logistics services.

Due to the rise in demand of nitrile gloves, the raw materials required are also in severe shortages, therefore, by setting up its own feedstocks tank farm facilities, Hong Seng will be able to capture a substantial market and fill up a void in the supply chain. The construction is expected to be completed within eighteen (18) months in sync with the production commencement of the NBL project.

With these new developments and projects in the pipeline, it marks the creation of the nation's first fully integrated and sustainable end-to-end glove production supply chain. Upon the commencement of the glove manufacturing business and consequently, the NBL manufacturing and integrated logistics businesses, the glove supply chain segment is expected to be leading income generators for the Group.

RISK MANAGEMENT

Considering our continuous business growth, it is crucial to have an effective Enterprise Risk Management Framework ("ERM Framework") that is integrated and embedded into the day-to-day business activities and management decision making to ensure that all business risks are prudently identified, analysed and effectively managed to safeguard our ongoing investments yield and expected returns for our shareholders, while concurrently meeting our overarching targets as a Group.

Given our diversified nature, our approach to risk management places emphasis on input provided by management teams of our divisions/business units ("Business Owners"), who are responsible for identifying risks relevant to their operating environment, developing mitigation action plans and monitoring the progress of the said action plans. Business Owners report on the risks identified and the implementation of mitigation plans to the Risk Management Committee ("RMC"). The Board of Directors ("the Board") are kept abreast through reports delivered by the Chairman of the RMC during Board meetings.

Five (5) key risks were identified in FPE2021 as most relevant to our value creation prospects.

1. The ongoing COVID-19 pandemic

- Travel restrictions and lock downs may affect sales and other business activities.
- The banning of non-essential activities may affect our ability to meet construction and progress timeline for our glove manufacturing plant and upcoming NBL manufacturing plant.

We responded to the COVID-19 pandemic by implementing strict internal procedures across our sites, worker hostels and offices, including swab tests, physical distancing, sanitisation and hygiene practices. The procedures and measures we have introduced are in compliance with government regulations.

We have also collaborated with our customers and suppliers to understand their evolving needs and to ensure continuity of supply of packaging to the essential goods sector throughout the Pandemic while keeping minimal interruption to existing logistics processes and a stable supply of primary and secondary production inputs.

2. Cybersecurity

- As our businesses become increasingly digitalised, ERP and other digital and online technologies are more exposed than ever to potential cyberattacks, interrupting day-to-day operations and our ability to meet production and delivery deadlines.

We will implementing and maintaining a comprehensive IT handbook and policy outlining our approach to cybersecurity and the mitigation measures we employ in the event of a security breach. With the guidance of our internal and external experts, we shall conduct regular IT system health checks and security updates. We also will implementing a comprehensive IT data backup, data restoration and disaster recovery plan.

3. Cost and Supply of Raw Materials & Products

- The cost-effective purchase of raw materials is essential in both of our dual core businesses. In addition to the risk of raw material price fluctuations, periodic global shortages may also result in temporary production disruptions. This risk has become even more pertinent in light of the COVID-19 pandemic.

We continuously monitor prices and stock levels of raw materials to pre-emptively manage against volatility in supply and demand. To optimise our cost base and drive efficient and sustainable procurement, we have strategic plans to produce our own raw materials for glove manufacturing through the commissioning of our NBL plant and tank farm storage to achieve greater economies of scale and greater accessibility to supply of raw materials while filling the vital void in the glove supply chain.

RISK MANAGEMENT (CONT'D)

3. Cost and Supply of Raw Materials & Products (cont'd)

Meanwhile, to mitigate against fluctuations in raw material or product prices, we adopt a "just-in-time" purchasing strategy whereby products and materials are purchased expressly to meet the projected demand of customers. Beyond that, to mitigate against supplier-specific shortfalls in the raw materials or products we need, we have consciously widened our supplier base and adopted the multi-sources strategy to have products or materials from multiple sources or multiple locations.

4. Employee and Contractor Safety and Health

- Accidents, incidents and exposure to occupational health hazards may cause injury or harm to employees and contractors, property damage, lost production time, and/or harm to our reputation.

We maintain strict compliance with all applicable national, local, industry-specific and occupation-specific laws and regulations related to safety and health. Occupational Safety and Health (OSHA) Committees, assisted by established and comprehensive OSHA management systems, oversee our safety and health procedures at individual worksites and manufacturing plant. In addition, employees are availed of relevant and updated safety and health training, and may flag potential issues through their worksite OSHA Committee.

5. Compliance

- The failure of keeping abreast of changing statutory requirements and laws may result in an inability to complete delivery of goods and loss of reputation, in addition to the imposition of financial penalties or the suspension of our operations.

We maintain strict compliance with all national, local, industry specific and occupation-specific laws and regulations. In addition, we have engaged internal and external professionals who provide ongoing consultancy with regard to statutory compliance. We have updated our policies to strengthen our approach towards compliance in anti-bribery and anti-corruption, sustainability and ethical business conduct, amongst other key areas of focus. The procedures and standards outlined within apply to both our workforce and our suppliers.

DIVIDEND POLICY

The Board has not adopted any fixed dividend policy. The Board does not recommend payment of any dividend for the FPE 30 September 2021.

MOVING FORWARD

Post pandemic as we are now in the beginning of 2022, Hong Seng remains committed in the face of challenges as we are assured that the underlying strength of our business, sensible approaches and precise implementation will take us through this difficult time.

Along with the paradigm shift brought upon COVID-19, it is also present us with an opportunity to adapt and do things differently. The Group believe that the New Normal will bring about new openings and certain closures, but the Group will never concede and will continue to improve ourselves.

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank our shareholders, customers, bankers, financiers and business associates for their continuing support.

I would also like to express our utmost gratitude to Dato' Seri Dr. Chen Chaw Min, our former Non-Executive Chairman who had stepped down on 14 December 2021, for his service and contribution to our Group. I would also like to express my appreciation to the Board members for their contributions and unwavering support during the period. I look forward for their continued enthusiasm, wisdom and co-operation in guiding the Group through the challenges in the year ahead.

Last but not least, I wish to convey my appreciation to the Management team and employees for their unrelenting commitment and dedication to the Group. The Board, the Management and everyone in the Group will continue to work hand-in-hand towards our common goal to enhance the performance and value of Hong Seng.

Dato' Seri Teoh Hai Hin
Group Managing Director

SUSTAINABILITY **STATEMENT**

Over the years, the Group has taken a progressive approach in integrating sustainability into its businesses and we are committed to growing our businesses responsibly, balancing environmental with economic considerations, as well as creating values to stakeholders and contributing to communities.

The Group's sustainability efforts reflect our commitment towards maximising opportunities for stronger fiscal growth and optimising operational efficiency, while at the same time creating long-term value in accordance with economic, environmental and social considerations.

SUSTAINABILITY GOVERNANCE

Hong Seng aims to balance profitability with the protection of the environment and all stakeholders (investors, customers, employees, suppliers and local communities) by creating positive impact and mitigating any negative impact arising from its activities from the economic, environment and social aspects. The Group is monitoring the sustainability performance from time to time. The governance structure in relation to the Group's sustainability practice is guided by the Guide and Toolkit: Governance issued by Bursa Securities Malaysia Berhad ("Bursa Securities") with necessary adaption based on the nature and scale of the businesses of the Group. The duties of Hong Seng's Board of Directors ("the Board") include supervising the Company's strategy, monitoring the management and operations, and arranging the corporate governance system.

The Board is committed to embedding sustainability into business strategies and operations. A holistic business management approach is taken, which considers every aspect of economic, environmental and social ("EES") risks and opportunities. These considerations, alongside financial implications, generate long-term benefits and business continuity. Sustainability related strategies and information are collated from the respective business units and divisions, reviewed and presented to the Board for further deliberation.

During the financial period 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 Head of Departments/Divisions and Executive Directors.

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 has established a series of engagement initiatives with various stakeholders through its respective operating divisions. The feedback and perspectives gathered from all the stakeholders specialised in their respective fields have been beneficial for long-term collaboration as well as the development of the Group's business strategy and operations.

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

Government and Regulators

- Meetings with Government bodies and regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters concerning customers and the general public.

Customers

- Regular networking activities and gatherings.
- Formal and informal meetings to collect feedback, attend to grievances and disseminate information on the Group's products and services.
- Customer surveys are conducted periodically to keep updated with the customers' needs and expectations for the Group's products and services.
- Digital platforms and e-Commerce platforms.
- Company websites, printed material, telecommunication companies' messages, and other communication channels to disseminate information/updates on products and services.

STAKEHOLDER ENGAGEMENT (CONT'D)

The Group's key stakeholders and engagement platforms are listed below (cont'd):-

Employees

- Internal engagement channels such as emails and WhatsApp groups to communicate information on events, activities, staff promotions as well as key messages within the Group.
- Orientation for new staff.
- Training and development programmes.
- Synergy meetings attended by representatives of the various operating companies.

Suppliers, consultants, vendors

- Tender and procurement process.
- Regular review of major suppliers to provide feedback on service delivery and areas of improvement for the mutual benefit of both parties.

Communities, NGOs, industry groups

- Focus groups and consultative meetings.
- Community programmes in collaboration with non-governmental organisations ("NGOs") and charitable organisations.

Media

- Regular engagement and updates with the mainstream media.
- Press conferences, media releases, and media visits relating to key business development and corporate social responsibility ("CSR") activities.

Investors, shareholders and stock analysts

- Communication via announcements to Bursa Securities, Annual Report, General Meetings and the Group's Corporate Website.
- Conducting briefings and updates for analysts, fund managers and potential investors as and when required.

HONG SENG'S SUSTAINABLE DEVELOPMENT GOALS

Hong Seng has adopted several 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 seventeen (17) SDGs that are an urgent call for action by all countries within a global partnership:-

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

Out of the 17 SDGs above, the following eight (8) are those which we contributed to in the past 18-months financial period.

3. Good Health and Well-Being

We developed and provided a variety of accessible healthcare products and services. The Group only markets and carries healthcare products and services that has been approved by the Medical Device Authority ("MDA") and relevant authorities such as ImmuSAFE COVID+ Antibody Test Kits, Realy Professional RTK-Antigen Swab Test Kits and others.

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 is in midst of process to obtain certified with ISO 13485 and ISO 9001 to ensure the gloves produced by us are safe and of high-quality so that users are able to use the products at ease.

Apart from global principles, we have also established policies and procedures following the Standard Operating Procedures ("SOPs") of each market to ensure that we are doing as much as possible to support our employees. This includes ensuring regular sanitised workspaces, the provision of hand sanitisers and personal protection equipment such as face masks, and the adoption of Work from Home ("WFH") practices as required and in line with recommended COVID-19 SOPs in the respective markets.

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.

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'S SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

3. Good Health and Well-Being (cont'd)

Occupational Safety & Health ("OSH") Policy

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 of 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
- √ In 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 provided 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.

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

6. Clean Water and Sanitation

To prevent harm to the environment and local communities in the areas that 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, we discharge our legal responsibilities with care and diligence and in full compliance with local and federal regulations.

Our glove manufacturing plant 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 practice by engaging a medical waste disposal company, Flora Sentosa Sdn. Bhd., to properly dispose of wastes.

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

8. Decent Work and Economic Growth

We continued to source and develop new products and services, such as nitrile gloves, molecular tests, oncology tests and precision medicine such T-SPOT.TB test which is a unique, single visit blood test for tuberculosis and immuSAFE COVID+ antibody tests, that can have positive contributions for the healthcare sector.

We provided healthcare services to doctors and other healthcare practitioners for the benefit of their patients in addition to financial services to the SMEs and corporations which requires flexible financing schemes to help them grow their business in these tough times.

We continued to retain all employees without salary cuts, as well as increased our employment during the past financial period. In supporting the communities we operate in, hiring local is a priority whenever possible to boost local economies and increase social well-being. Providing job opportunities is valuable resource that we as a business can offer to enable people to reach their potential and help with their socio-economic growth.

9. Industry, Innovation and Infrastructure

We are the first home-grown private company to invest in the state-of-the-art Nitrile Butadiene Latex manufacturing plant with a planned capacity of 960 kilo tonnes per annum located in Kedah Rubber City which will be the catalyst to strengthen the global glove industry and reduce trade deficit by up to RM5.5 billion upon its completion.

We continued to develop new products and services in genetic screening and precision medicine, healthcare supplements such as Tiger Milk Mushroom +, food science and so on.

10. Reduced Inequalities

We conducted fair non-discriminatory and diverse employment practices:
- By ethnicity, our employees consist of 65% Malays, 15% Chinese and 20% Indians.
- By gender, our employees consist of 39% females and 61% males.
- By age group, our employees consist of 66% below 30 years old, 29% between 30-50 years old and 5% above 50 years old.

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

We conducted CSR programmes to reduce the inequalities in the community.

13. Climate Action

We complied 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 utilised the latest equipment which is more energy efficient.

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

16. Peace, Justice and Strong Institutions

We established a Code of Conduct, Whistleblowing Policy, and Anti-Bribery and Anti-Corruption Policy among 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 Business Conduct and Ethics. The Code defines our high expectation on each and every employee to carry out good business practice 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 who have a business relationship with Hong Seng 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 or to the designated officers, up to the Audit Committee Chairman. A report can be made verbally, writing via email or via the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures.

We continue to communicate and institutionalise the 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors ("the Board") of Hong Seng Consolidated Berhad ("Hong Seng" or "the Company") continues to believe 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 throughout Hong Seng and its subsidiaries ("the Group") to safeguard the interests of the shareholders and stakeholders.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial period ended 30 September 2021 up to the date of issuance of this statement with reference to the three (3) main principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance ("MCCG" or "Code").

Overall, the Board is of the view that the Company has, in all material aspects, complied with the Principles and Practices encapsulated in the MCCG. The details of how the Company embrace or apply this Code are outlined in our Corporate Governance Report ("CG Report"). The CG Report is submitted to Bursa Securities together with the Annual Report of the Company on 27 January 2022. This Corporate Governance Overview Statement should be read in tandem with the CG Report to provide comprehensive disclosure of the application of each principles and practices set out in the MCCG during the financial period.

The CG Report can be accessed on the Company's website, by this link *https://www.hongseng.com.my* for further details.

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial period.

A. BOARD LEADERSHIP AND EFFECTIVENESS

(i) Roles and Responsibilities of the Board, Board Committees and Management

The Board is primarily responsible for determining the Company's strategic objective and policies and to monitor 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 Management and the committees appointed by the Board. The Board has established and delegated certain responsibilities to the following three (3) Board Committees, namely:-

(a) Audit Committee;
(b) Nominating Committee; and
(c) Remuneration Committee.

Each Board Committee operates its functions within their approved Terms of Reference adopted by the Board.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(i) Roles and Responsibilities of the Board, Board Committees and Management (cont'd)

The principal responsibilities of the Board outlined in the Company's Board Charter include the following:-

- reviewing, approving and monitoring the overall strategies and direction of the Group;
- overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems;
- identifying and managing principal risks affecting the Group;
- reviewing the adequacy and integrity of the Group's internal control systems, including systems for compliance with applicable laws, regulations, rules and guidelines;
- approving major capital expenditure, capital management and acquisitions/divestitures;
- ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- ensuring high standards of ethics and corporate behaviour in the conduct of business;
- approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications; and
- commitment in governing management and providing oversight of the Company, including the appointment of senior management, implementation of appropriate policies and procedures that govern the management conduct, stay abreast with and understand sustainability issues relevant to the Company and its business and together with the Management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets; and monitoring of performance and succession planning.

The Board is also ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement on Risk Management and Internal Control of this Annual Report.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions as recommended by the MCCG including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management.

Aside from the core responsibilities listed above, significant matters required deliberation and approval from the Board is clearly defined as the matters reserved for the Board's consideration and approval, which including decision on Group strategic/business plan, restructuring proposal, corporate exercises, investments or divestments, risk management policies, nomination of auditors, nomination of directors, review of the financial statement, financial and borrowing activities, annual budget, dividend policy, new issues of securities, ensuring compliances of regulatory and reviewing the adequacy and integrity of internal controls.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(i) Roles and Responsibilities of the Board, Board Committees and Management (cont'd)

The Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board Committees would report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters have to be approved by the Board. Also, the Board is informed of the key issues and recommendations or decisions made by each Board Committees through the reporting and tabling of minutes of the Board Committees meetings at Board Meetings.

The non-executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. The independent non-executive Directors provide unbiased and independent views to safeguard the interest of minority shareholders.

There is a clear division of responsibilities between the Chairman and the Management. The roles and responsibilities of the Board Chairman are set out in item A(ii) below whilst the responsibilities of the Management are providing executive leadership and are accountable to the Board for the business direction and operational decisions of the Group and ensuring the policies and corporate strategies set by the Board are effectively implemented. The duties delegated to the Management and their responsibilities are set out in the Board Charter which is available for reference at the Company's website at *https://www.hongseng.com.my*.

(ii) Roles and Responsibilities of the Chairman and Separation of Roles Between Chairman and the Chief Executive

The Chairman of the Board is responsible for instilling good governance practices, provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group. The Chairman also ensures that the management proposals are deliberated by Directors, executive and non-executive alike, and examined taking into account the interests of shareholders and other stakeholders.

During the financial period in respect of the period from 5 August 2020 to 31 May 2021, the Board Chairman is also the Chief Executive of the Group. The Board is mindful of the dual role of the Board Chairman and Chief Executive held by Dato' Seri Teoh Hai Hin but, is satisfied that, having regard to the experience and leadership of Dato' Seri Teoh Hai Hin, it is in the interest of the Company to maintain the above arrangement so that the Board could have the benefit of a Chairman who is knowledgeable about the business of the Group and is capable to guide discussion. The combination of the roles of Chairman and Chief Executive enable the Executive Chairman to exercise his power for proper purpose and in good faith in the best interest of the Company, to align the interest of the Board, Management and shareholders for maximising shareholders' wealth. Nonetheless, the Independent Directors of the Board are free to express objective and independent views exhibiting that the effectiveness of the Board and Board independence in terms of MCCG continues to be considerably enhanced and not in the least compromised.

Even though the Board was satisfied with the leadership of the Executive Chairman but for better compliance with MCCG, on 1 June 2021, the Board has appointed Dato' Seri Dr. Chen Chaw Min as Independent Non-Executive Chairman of the Board whilst Dato' Seri Teoh has been redesignated as Group Managing Director to enable him to focus and drive the growth of all pillars of the Group more effectively and efficiently. With the appointment of Dato' Seri Dr. Chen Chaw Min as the new Independent Chairman, there were separation of the positions of the Chairman and Chief Executive to promotes accountability and facilitates the division of responsibilities between them.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(iii) Roles and Responsibilities of the Company Secretaries

In order to uphold the board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. 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 regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

Further information of the roles and responsibilities carried out by the Company Secretaries during the financial period ended 30 September 2021 are set out in Practice 1.4 of the Company's CG Report.

(iv) Board Meeting Attendance and Dissemination of Information to Directors

The Board meets at least once every quarter and additional meetings are convened as and when necessary.

The Board understand that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The Board ensures that each Director is provided with timely notices. Notice of meeting and meeting materials (including meeting minutes) are usually circulated to the Directors/Board Committee Members seven (7) days in advance of the meeting date 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.

All Board members have unrestricted access to timely and accurate information in furtherance to their duties and may seek independent professional advice when necessary in discharging its various duties, at the Company's expense. The Independent Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management, when needed.

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 as soon as the minute is drafted. Meeting minutes record the proceedings of the meeting and resolutions passed by the Board/ Board Committees including the names of the Directors abstained from voting or deliberation on a particular matter.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(iv) Board Meeting Attendance and Dissemination of Information to Directors (cont'd)

During the financial period ended 30 September 2021, six (6) Board meetings were held. The record of attendance is as follows:-

Director	Number of Board Meetings Attended Held
Dato' Seri Dr. Chen Chaw Min (appointed on 01.06.2021 and resigned on 14.12.2021)	1/1
Dato' Seri Teoh Hai Hin (appointed on 05.08.2020)	5/5
Chong Koon Meng (resigned on 31.12.2021)	6/6
Kenny Khow Chuan Wah	6/6
Lester Chin Kent Lake (appointed on 11.02.2021)	3/3
Christopher Chan Hooi Guan (appointed on 16.03.2021)	2/2
Ng Keok Chai	6/6
Yap Kien Ming	6/6
Leong Kam Soon (appointed on 26.08.2021)	N/A*
Teoh Soon Han (appointed on 05.08.2020 and resigned on 19.10.2020)	1/1
YM Tengku Farith Rithauddeen (resigned on 08.03.2021)	4/4
Wong Mun Wai (resigned on 31.05.2021)	5/5
Lau Kok Fui (alternate director: Wong Yee Ming) (retired on 29.09.2020)	2/2
Lim Peng Tong (resigned on 11.02.2021)	3/3

* *Not applicable as there is no meeting held from the date of his appointment to the date of financial period ended 30 September 2021.*

All the Directors have complied with the minimum 50% attendance requirement as stipulated in the MMLR.

(v) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme, prescribed by Bursa Securities. Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with 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.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(v) Directors' Training (cont'd)

Details of trainings attended by the existing Directors during the financial period ended 30 September 2021 are as follows:-

Director	Training Programmes
Dato' Seri Dr. Chen Chaw Min	• Mandatory Accreditation Programme ("MAP")
Dato' Seri Teoh Hai Hin	• MAP • Budget 2021 - Tax Highlights
Chong Koon Meng	• MIRA Sustainability Accelerator Program
Kenny Khow Chuan Wah	• Budget 2021 - Tax Highlights • Good Distribution Practice for Medical Devices Awareness & Internal Audit Training
Lester Chin Kent Lake	• MAP
Christopher Chan Hooi Guan	• MAP
Ng Keok Chai	• Webinar: Implementing Amendments in the Malaysian Code on Corporate Governance
Yap Kien Ming	• Corporate Liability : Are you at Risk?
Leong Kam Soon	• Note 1

Note:
All the Directors have attended the MAP prescribed by Bursa Securities.
1. Appointed on 26 August 2021

(vi) Board Composition and Independence

The Board does not set specific criteria for assessment and selection of director candidate. However, consideration would be taken on the need to meet the regulatory requirements such as Companies Act 2016 and MMLR and other criteria discussed in the following paragraphs.

As at 30 September 2021, the Board consists of nine (9) members, i.e. four (4) Independent Non-Executive Director and five (5) Executive Directors (excluding 1 Alternate Director). Subsequent to the financial period end, the Company announced the resignation of Dato' Seri Dr. Chen Chaw Min and Chong Koon Meng on 14 December 2021 and 31 December 2021, respectively.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(vi) Board Composition and Independence (cont'd)

Movement in the Board composition during the financial period ended 30 September 2021 are as follows:-

Date	Nature of Change	Name of Director	Designation & Directorate
05.08.2020	Appointment	Dato' Seri Teoh Hai Hin	Executive Chairman
05.08.2020	Redesignation	YM Tengku Farith Rithauddeen	From Independent Non-Executive Chairman to Independent Non-Executive Director
05.08.2020	Appointment	Teoh Soon Han	Executive Director
29.09.2020	Retirement	Lau Kok Fui	Non-Independent Non-Executive Director
29.09.2020	Cessation	Wong Yee Ming	Alternate Director to Lau Kok Fui
19.10.2020	Resignation	Teoh Soon Han	Executive Director
19.10.2020	Appointment	Teoh Soon Han	Alternate Director to Dato' Seri Teoh Hai Hin
11.02.2021	Resignation	Lim Peng Tong	Executive Director
11.02.2021	Appointment	Lester Chin Kent Lake	Executive Director
08.03.2021	Resignation	YM Tengku Farith Rithauddeen	Independent Non-Executive Director
16.03.2021	Appointment	Christopher Chan Hooi Guan	Executive Director
31.05.2021	Resignation	Wong Mun Wai	Independent Non-Executive Director
01.06.2021	Appointment	Dato' Seri Dr. Chen Chaw Min	Independent Non-Executive Chairman
01.06.2021	Redesignation	Dato' Seri Teoh Hai Hin	From Executive Chairman to Group Managing Director
26.08.2021	Appointment	Leong Kam Soon	Independent Non-Executive Director

Despite the movement in the Board composition during the financial period, the size and composition of the Board is appropriate for the complexity and scale of operations of the Group. As presently constituted, the Board is well balanced and has the stability, continuity and commitment as well as the capacity to discharge its responsibility effectively.

The Board is satisfied with the current composition of the Board in providing a check and balance as well as its diversity of perspectives and views in Board's decision-making process through the composition of Independent Non-Executive Directors on the Board. Each Directors demonstrating their own skillsets, commitment and functional experiences.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(vi) Board Composition and Independence (cont'd)

On an annual basis, the Nominating Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the MMLR. Each Independent Director is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the Independent Directors are able to act independently of management and free from any business or other relationship.

(vii) Tenure Limit of Independent Directors

MCCG provides that at least half of the board comprises independent directors. For "Large Companies" defined in the MCCG, the board comprises a majority independent directors. The MCCG further provides that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board has outlined a policy to facilitate the annual independence assessment of the Company's Independent Directors. The Independent Directors Assessment Policy adopted by the Company provides that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment. Upon completion of nine (9) years, the Board may subject to the assessment of the Nominating Committee, on an annual basis at annual general meeting, recommend and subject to valid justifications and obtaining shareholders' approval, retain an Independent Director beyond the nine (9) years' term through a two-tier voting process. Should the resolution tabled to the shareholders to retain an Independent Director who has served for nine (9) years or more in the same capacity defeated, the said Independent Director may continue to serve on the Board but shall be redesignated as a Non-Independent Non-Executive Director. Where the tenure of an Independent Directors exceeds a cumulative term of twelve (12) years or more in the same capacity, the said Independent Director if continue to serve on the Board, shall be redesignated to non-independent director. For good governance practice, the Company would incorporate the following provisions in its Constitution and seek its shareholders approval at the forthcoming annual general meeting:-

The independent director, as defined by the MMLR, shall be subject to:-

(a) Annual re-appointment by the shareholders at annual general meeting by ordinary resolution through a two-tier voting process as recommended by the MCCG if he has served for a cumulative term of beyond nine (9) years; and

(b) Redesignation to non-independent director should the said director continue to serve on the Board for a cumulative term of beyond twelve (12) years.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their length of service. Independence should be judged based on the integrity and objectivity of the Independent Director in discharging his responsibilities. The Board also believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. Nevertheless, none of the Directors of the Company has served for a cumulative term of nine (9) years.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(viii) Diversity of the Board and Management

The Board recognises the benefit of gender diversity. The Board through its Nominating Committee will conduct Board appointment process in a manner that promotes gender diversity as formalised in the Gender Diversity Policy and Target ("Gender Diversity Policy") adopted by the Company on 20 January 2022. Based on the Gender Diversity Policy, the Board shall comprise at least one (1) woman director at all times. However, the Board endeavours to have at least 30% women directors on the Board.

During the financial period, the Board has appointed a female Executive Director, Ms. Teoh Soon Han, on the Board of Hong Seng. Ms. Teoh has resigned on 19 October 2020 but she remained as an alternate director to Dato' Seri Teoh Hai Hin.

The Board did not set a timeframe to fulfil the appointment of 30% women directors on Board as the Board opined that finding a female candidate that is a right fit for the Company is more important than other factors. The Board is also of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age with priority of the Group's need to maximise the effectiveness of the Board, taking into account the balance of skills, experience, knowledge and independence, and based on the Group's needs and circumstances. Nevertheless, the Board is mindful of the said recommendation in the MCCG and would continue to assess and explore the opportunities. At management level, a few senior management positions are held by women employees. The Board will continue to provide a working environment that is conducive, fair and with equal opportunities within the Group and to commit to zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board members are as follows:-

	Race/Ethnicity				Nationality		Gender	
	Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female
Executive Director	–	4	–	–	4	–	4	–
Independent and Non-Executive Director	–	3	–	–	3	–	3	–

Age Group	30-39 years	40-49 years	50-59 years	60-69 years
Executive Director	1	1	1	1
Independent and Non-Executive Director	–	–	1	2

It shall be noted that all Executive Directors are also the top senior management.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(ix) Chairmanship of Nominating Committee, Board Appointment and Annual Evaluation

The Nominating Committee is chaired by an Independent Director and comprises exclusively Independent Non-Executive Directors. The Nominating Committee is empowered to identify and recommend new appointments to the Board. The potential candidates may be proposed by existing directors, senior management staff, shareholders or third party referral. Under normal circumstances, the Nominating Committee would review new board candidates proposed by the Executive Directors to fill vacancy arises from resignation, retirement or any other reasons and make the recommendation to the Board thereon for decision. Based on the recommendation of the Nominating Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

Upon receipt of the proposal, the Nominating Committee is responsible to conduct assessment and evaluation on the proposed candidate. The assessment/evaluation process may include, at the Nominating Committee's discretion, reviewing the candidate's resume, curriculum vitae, biographical information, candidate's qualifications and conducting background searches as well as formal or informal interview at the Nominating Committee's discretion.

In discharging its duty, the Nominating Committee will assess the suitability of individual to be appointed to the Board by taking into consideration the individual's skills, knowledge, expertise, experience, strength of qualities, competency and understanding of the business environment.

For appointment of Independent Directors, the Nominating Committee would also assess whether the candidate meets the requirements for independence based on criteria prescribed in the MMLR.

During the financial period ended 30 September 2021, the Nominating Committee had assessed the following nomination of appointment of Directors proposed by the senior management of which all nominations were approved by the Board:-

Date	Nature of Change	Name of Director	Designation & Directorate
05.08.2020	Appointment	Dato' Seri Teoh Hai Hin	Executive Chairman
05.08.2020	Appointment	Teoh Soon Han	Executive Director
19.10.2020	Appointment	Teoh Soon Han	Alternate Director to Dato' Seri Teoh Hai Hin
11.02.2021	Appointment	Lester Chin Kent Lake	Executive Director
16.03.2021	Appointment	Christopher Chan Hooi Guan	Executive Director
01.06.2021	Appointment	Dato' Seri Dr. Chen Chaw Min	Independent Non-Executive Chairman
26.08.2021	Appointment	Leong Kam Soon	Independent Non-Executive Director

In identifying candidates for nomination of appointment, the management did not utilise independent sources to identify suitably qualified candidate simply because it is to shorten the appointment process and also the management already have knowledge of the candidates' personal qualities, experience, expertise, reputation, etc. through other business encounters.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(ix) Chairmanship of Nominating Committee, Board Appointment and Annual Evaluation (cont'd)

The Nominating Committee undertakes annual assessment to evaluate the performance of each individual Director, the effectiveness of the Board and the Board Committees. The Board acknowledges the recommendation of the MCCG for Large Company to engage independent experts periodically to facilitate objective and candid Board evaluation. Presently, the annual assessment by the Board on its effectiveness is conducted internally by the Management and the Board opined that the present arrangement is suffice and adequate. The Board would engage the services of independent experts when the need arises.

Currently, the effectiveness of the Board and Board Committees are assessed in the areas of board structure/ mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

During the annual assessment exercise, the Directors are given performance evaluation sheets for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Company for compilation of rating and scores which summary would then be presented to the Nominating Committee for further review and assessment. For good governance practices, the Nominating Committee did not review its own effectiveness and the performance of the Nominating Committee members. Instead, such review was carried out by the Board as a whole with the members of the Nominating Committee abstained from deliberation. In view that the Nominating Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit Committee were also carried out by the Board.

The results of the annual assessment on the Board, the Board Committees and individual Directors for the financial year were all satisfactory.

The Directors who are subject to re-election and/or re-appointment at the next annual general meeting shall be assessed by the Nominating Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nominating Committee would be based on inter-alia the yearly assessment conducted.

(x) Remuneration Committee and Remuneration of the Board and Senior Management

The Remuneration Committee is chaired by an Independent Director and comprises exclusively Independent Non-Executive Directors. The Remuneration Committee is tasked to review the remuneration policy for the Directors and Senior Management of the Group.

The remuneration policy of the Company provides that all Executive Directors and Senior Management are remunerated based on the Group and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.

The remuneration of the Executive Directors and Senior Management shall be reviewed and determined by the Remuneration Committee, who makes recommendation to the Board for approval. On the recommendation of the Remuneration Committee, the Board reviews and approves the remuneration of the Executive Directors with the respective Executive Director abstained from discussions and decisions on their own remuneration. Under normal circumstances, the respective Director(s) would be excused from the relevant meetings before the deliberation on their remuneration take place.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(x) Remuneration Committee and Remuneration of the Board and Senior Management (cont'd)

The Executive Directors shall be entitled to participate in the Company's annual cash bonus. The amount of bonus shall be reviewed and determined by the Remuneration Committee, who makes recommendation to the Board for approval. Salaries (fixed sum or by way of a percentage of profits) and other remuneration including benefits payable to Executive Directors pursuant to a contract of service need not be determined by the Company in general meeting and it may not include a commission on or a percentage of turnover. Executive Directors shall also be entitled to other benefits provided to employee of the Company and other additional benefits, if so, recommended by the Remuneration Committee to the Board for approval.

The remuneration of Non-Executive Directors, which is made up of Directors' fee, meeting allowance if any and other benefits, if any, proposed by the Remuneration Committee is determined by the Board. The said fees and any benefits payable to the Non-Executive Directors shall from time to time be determined by the Company in general meeting. Such fees and any benefits payable to the Non-Executive Directors shall be subject to annual approval at annual general meeting in accordance with the provisions in the Constitution of the Company.

All Non-Executive Directors (regardless their chairmanship in the Board and/or Board Committee) are currently paid fixed director fees as a member of the Board. At present, it is not the Company's policy of paying meeting allowances to the Non-Executive Directors for attendance at Board and/or Board Committee meetings.

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. At the last Annual General Meeting held on 29 September 2020, the Company had obtained shareholders' approval to empower the Board to pay directors' fee of not more than RM240,000 per annum to the Non-Executive Directors for their services as Directors of the Company until the next annual general meeting.

The Directors' fees and remuneration paid or payable to the Directors in the Company for the financial period ended 30 September 2021 is as follows:-

Received from the Company	**Fee (RM)**	**Salaries (RM)**	**Other emolument (RM)**	**Benefit-in-kind (RM)**	**Total (RM)**
YM Tengku Farith Rithauddeen	33,000	–	–	–	33,000
Wong Mun Wai	42,000	–	–	–	42,000
Yap Kien Ming	54,000	–	–	–	54,000
Ng Keok Chai	54,000	–	–	–	54,000
Lau Kok Fui	18,000	–	–	–	18,000
Dato' Seri Dr. Chen Chaw Min	40,000	–	4,500	–	44,500
Leong Kam Soon	3,581	–	–	–	3,581
Chong Koon Meng	–	90,000	13,085	–	103,085
Kenny Khow Chuan Wah	–	37,500	100,921	–	138,421
Lester Chin Kent Lake	–	10,000	1,200		11,200
	244,581	137,500	119,706	–	501,787

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(x) Remuneration Committee and Remuneration of the Board and Senior Management (cont'd)

Received from its Subsidiaries	Fee (RM)	Salaries (RM)	Other emolument (RM)	Benefit-in-kind (RM)	Total (RM)
Dato' Seri Dr. Chen Chaw Min	25,000	–	–	–	25,000
Chong Koon Meng	8,000	–	–	–	8,000
Kenny Khow Chuan Wah	8,000	112,500	14,764	–	135,264
Lim Peng Tong	–	55,000	2,743	–	57,743
Christopher Chan Hooi Guan	8,000	–	40,000	–	48,000
	49,000	167,500	57,507	–	274,007

All Executive Directors are also the top Senior Management. As required under the MCCG to disclose top five (5) Senior Management's remuneration in the band of RM50,000, the table append below shows the remuneration of the Executive Directors (who are also the top senior management) for the financial period ended 30 September 2021 in the following bands:-

Remuneration Band (RM'000)	EXECUTIVE DIRECTORS/SENIOR MANAGEMENT				
	Chong Koon Meng	Lim Peng Tong	Kenny Khow Chuan Wah	Lester Chin Kent Lake	Christopher Chan Hooi Guan
RM0 – RM50,000				✓	✓
RM50,001 – RM100,000		✓			
RM100,001 – RM150,000	✓				
RM250,001 – RM300,000			✓		

(xi) Good Business Conduct and Healthy Corporate Culture

The Directors are expected to conduct themselves with the highest ethical standards by setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Group.

The Corporate Code of Conduct and Ethics is available at the Company's website at *https://www.hongseng.com.my*.

(xii) Whistleblowing Policy and Procedures

The Board encourages employees within the Group to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedures adopted by the Company provides and facilitates a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistleblowing Policy and Procedures is available at the Company's website at *https://www.hongseng.com.my*.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(xiii) Anti-Bribery and Anti-Corruption Policy

The Board has adopted the Anti-Bribery and Anti-Corruption Policy across the Group in line with the guidelines provided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on 1 June 2020.

The Board believes that the policy would be key in ensuring a systematic approach to prevent corruption, and complying with applicable legal and regulatory requirements in the various jurisdictions in which the Group operates. Every director, employee and person acting on the Group's behalf is responsible for maintaining the Group's reputation and for conducting company business honestly and professionally.

The Anti-Bribery and Anti-Corruption Policy is available at the Company's website at *https://www.hongseng.com.my*.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

(i) Chairmanship of the Audit Committee and Independence of the Audit Committee

The Board has established an effective and independent Audit Committee. The members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

The Audit Committee has policy that requires a former partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. This applies to all former partners of the audit firm and/or the affiliates firm (including those providing advisory services, tax consultancy, etc.). None of the present members of the Audit Committee were former audit partners of the Company's auditors. With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.

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. Periodically, Company Secretaries, External Auditors and Internal Auditor update the Audit Committee on changes to the accounting standards, relevant guidelines, laws and regulations to ensure the Audit Committee members are kept abreast with latest developments in the statutory and accounting requirements.

For effectiveness and independence conduct of the Audit Committee's functions, the Audit Committee have separate discussions with the External Auditors and Internal Auditor without the presence of the Executive Directors and employees of the Group 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.

Also, as part of the Audit Committee's review processes, the Audit Committee will obtain 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.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

(ii) Assessment of External Auditors

Annually, the Audit Committee will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming annual general meeting for re-appointment. In assessing the External Auditors, the Audit Committee will take into consideration the adequacy of resources of the firm, quality of service and clarity of presentation of report produced, appropriateness of audit fees to perform the audit, competency of the staff assigned to the audit as well as the auditors' independence to determine the suitability and objectivity of the External Auditors.

(iii) Establishment of Risk Management and Internal Control Framework

The Board is responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group. The features of the Group's risk management and internal control framework covering the risk policy, risk appetite, risk management and the review process by the Board and Audit Committee and the key internal controls are presented in the Statement on Risk Management and Internal Control of this Annual Report. The Board opined that current risk management approach suffice for the time being to oversees the Company's risk management framework and policies without the need to establish a separate risk management committee. The Board has also commented in its Statement of Risk Management and Internal Control contained in this Annual Report that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.

(iv) Effectiveness of Internal Audit

The Audit Committee is responsible for reviewing the engagement of the Internal Auditor. In assessing the Internal Auditor, the Audit Committee will take into consideration the adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit as well as the auditors' independence and fee to determine the suitability and objectivity of the Internal Auditors.

For the financial period under review, the Internal Audit Function is carried out by OAC Consulting Sdn. Bhd., an outsourced internal audit consulting firm. The outsourced internal audit execution was headed by Mr. Leonard Lim from OAC Consulting Sdn. Bhd. of whom possesses the professional qualifications of Certified Internal Auditor ("CIA"); Certification in Risk Management Assurance ("CRMA"), and he is also a qualified professional accountant. The team members who performed the internal audit assessment include a Director level professional who is a CIA and another two (2) members who possess accounting qualification and relevant working experiences. The Internal Auditor performed its work under the guidance of the International Professional Practices Framework issued by the Institute of Internal Auditors.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(i) Communication 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 Procedures, etc.

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

(i) Communication with Stakeholders (cont'd)

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

(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.

The Board had adopted the recommendation of MCCG for the notice of general meetings to be given to shareholders at least 28 days prior to the meetings. All Board members will ensure their attendance in the general meetings and the respective chairman of the Board Committees, Senior Management and the Group's external auditors as well as the Company's advisers shall attend to respond to shareholders' questions during the general meetings of the Company as the case may be.

Explanation for each proposed resolution is set out in the notice of general meetings to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the notice of general meetings will be put to vote by poll. The Company will also appoint 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. Minutes of general meetings will be published on the Company's website no later than 30 business days after the general meeting to comply with the recommended Practice 13.6 of the MCCG.

The Company hold its general meetings at the time and venue which are convenient and easily accessible to all shareholders. The Company will also leverage 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.

General meetings of the Company remain important avenues for the Board and Management to have better engagement with the shareholders present.

Only shareholders whose names appear in the Record of Depositors as at the date determined are entitled to attend and vote at the general meetings. Shareholders are encouraged to attend general meetings of the Company. Shareholders who are unable to attend the general meetings are advised that they can appoint proxy(ies) to attend and vote on their behalf.

The Corporate Governance Report in the prescribed format is also available on the website at *https://www.hongseng.com.my*.

OTHER COMPLIANCE **INFORMATION**

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 2 October 2019, the Company announced that the rights issue of shares with warrants and rights issue of Irredeemable Convertible Preferenes Shares ("ICPS") has been completed with the listing of 53,097,137 new shares with 159,291,411 free detachable Warrants and 796,457,055 ICPS on the Main Market of Bursa Securities Malaysia Berhad ("Bursa Securities") ("Rights Issues").

On 15 December 2020, the proposed variation to the utilisation of proceeds raised from the Rights Issue ("Proposed Variation") was duly passed by way of poll at the Extraordinary General Meeting held on 15 December 2020.

Proceeds raised from Rights Issues had been fully utilised as at 30 June 2021 and the utilisation of proceeds from the Rights Issues are as follows:-

Description	**Proposed Utilisation RM'000**	**Actual Utilisation as at 30 September 2021 RM'000**	**Intended time frame for utilisation**
Capital expenditure and rental deposits	624	624	Fully utilised
Working capital requirements	938	938	Fully utilised
Expenses in relation to the Corporate Exercise	1,090	1,090	Fully utilised
Turnkey agreement	30,000	30,000	Fully utilised
Working capital for moneylending and hire purchase businesses	17,000	17,000	Fully utilised
Working capital requirement of the Group	3,445	3,445	Fully utilised
Total	**53,097**	**53,097**	

MATERIAL CONTRACTS

Save for the recurrent related party transactions on Page 47, there were no material contracts entered by the Company and its subsidiaries involving Directors and major shareholders' interests or person connected to them, which were entered into since the end of the previous financial year and/or still subsisting at the end of the financial period ended 30 September 2021.

AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for the services rendered by external auditors of the Group for the financial period ended 30 September 2021 ("FPE 2021") were as follows:-

	Group RM	**Company RM**
Audit fees	186,000	45,000
Non-audit fees	65,000	65,000

RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of a revenue or trading nature for the Group during the financial period under review did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Securities as follows:-

Company/ Subsidiaries involved	Transacting Parties	Nature of Transactions	The Aggregate Value of Transactions from 1 April 2020 to 30 September 2021(RM'000)	Interested Related Parties
Hong Seng Gloves Sdn Bhd ("**HSGSB**")	HS Vision One Sdn. Bhd. ("**HS Vision**")	Renting of 4 blocks of single-storey factory building, a single-storey office building and a single-storey canteen 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 net usable area of 130,964 square feet) for the purpose to set up 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.	390	Dato' Seri Teoh Hai Hin[1] ("**Dato' Seri Teoh**"); Teoh Hai Bim[2] ("**THB**"); Teoh Hai Peng[2] ("**THP**"), Teoh Hai Seng[2] ("**THS**"), Teoh Soon Han[3] ("**TSH**"), HS Vision, Hong Seng Assembly Sdn. Bhd. ("**HS Assembly**") and Hong Seng Frontier Sdn. Bhd. (**"HS Frontier**")
Hong Seng Group	MMAG Holdings Berhad ("**MMAG**") and its subsidiaries ("**MMAG Group**")	Engaging MMAG Group as subcontractor to provide logistics services, 3PL and 4PL fulfilment services as well as other related services to Hong Seng Group	11	Chong Koon Meng[4] ("**Jeff Chong**"), Kenny Khow Chuan Wah[5] ("**Kenny Khow**"), Goh Eugene[6], Pentagon Parade Sdn. Bhd. ("**Paragon Parade**"), Chan Swee Ying[7] and MMAG Group

Nature of relationships:-

1. *Dato' Seri Teoh, being an Executive Director and a Major Shareholder of the Company via his direct shareholding and his indirect shareholdings in the Company through HS Frontier (a major shareholder of the Company), is also a Director and Shareholder of HS Vision.*
2. *THP, THB and THS, who are the brothers of Dato' Seri Teoh were Major Shareholders via their respective indirect shareholdings in the Company through HS Assembly prior to HS Assembly's disposal of all of its shareholdings in the Company. THP is also a Director and Shareholder of HS Vision whilst THB is also a director of HS Vision.*
3. *TSH, who is our Alternate Director to Dato' Seri Teoh, is also Dato' Seri Teoh's daughter.*
4. *Jeff Chong, an former Executive Director of the Company, is also an Executive Director and a Shareholder of MMAG.*
5. *Kenny Khow, an Executive Director of the Company, is also an Executive Director and a Shareholder of MMAG.*
6. *Pentagon Parade and Goh Eugene (who is major shareholders of Pentagon Parade), are Former Major Shareholders of the Company, who ceased their substantial interests in the Company via disposal of shares in the Company by Pentagon Parade Sdn. Bhd..*
7. *Chan Swee Ying (who has a substantial interest in MMAG Holdings) are Former Major Shareholders of the Company prior to MMAG's disposal of all of its shareholdings in the Company.*

STATEMENT OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

On 23 May 2011, Bursa Securities approved the Company's new ESOS. The ESOS had an initial tenure of five (5) years and was extended on 3 July 2016 for another five (5) years until 3 July 2021 in accordance with the terms of the ESOS By-Laws.

There were no additional options granted under the ESOS Scheme during the FPE 2021.

Total numbers of ESOS options exercised and retracted during the FPE 2021 are as follows:-

	As at 01.04.2020	Exercised	Retracted	Share Split	Lapsed	As at 30.09.2021
Employees	674,000	(600,000)	(45,000)	29,000	(58,000)	–

On 3 July 2021, there was lapsed of 58,000 outstanding ESOS Options due to the expiry of the Company's ESOS.

Pursuant to the ESOS By-Law, the aggregate maximum allocation to Directors and Senior Management under the ESOS Scheme shall not be more than 50% of the options allocated.

Actual percentage granted to the Directors and Senior Management of the Group since the commencement of the ESOS Scheme is approximately 47.3%.

None of the present Non-Executive Directors were granted with the ESOS options since the date of the commencement of the ESOS Scheme.

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 period and of the results and cash flows of the Group and the Company.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for Financial Period Ended 30 September 2021, 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") and its subsidiaries ("the Group") is pleased to present the Statement on Risk Management and Internal Control of the Group in accordance with the Bursa Securities Malaysia Berhad's Main Market Listing Requirements 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 period 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. Risk profiles for the major business units were presented to the Audit Committee and Board for deliberation and approval for adoption.

The risk profile 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 and Board Meetings on a need basis.

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

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Control System

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

- Clear 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 ensuring that minimum controls are in place;
- Establishment of an 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 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 by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Management meetings are held to review and discuss business performance, strategy, business development, key management issues;
- Regular review of actual sales performance against target set by the Management. This enables effective monitoring of significant variances and deviation from the target and business objectives;
- Engage and appoint solicitors, financial advisors and other competent professional 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.

REVIEW BY BOARD

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

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

- Management within the organisation 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 by the internal audit function which submitted the Internal Audit Strategy document highlighting the key processes and potential key risks for the Group and Internal Audit reports to the Audit Committee together with recommendations for improvement.

During the period, a number of improvements to internal controls were identified and addressed. The Board and the 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 weakness and ensure continuous process improvement.

The Board also received assurance from the Executive Director 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.

The above statement is made in accordance with the resolution of the Board dated 27 January 2022.

AUDIT COMMITTEE
REPORT

The Board of Directors ("the Board") of Hong Seng Consolidated Berhad ("the Company") is pleased to present the report of its Audit Committee for the financial period ended 30 September 2021.

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 all its subsidiaries ("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.

1. COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE

The present Audit Committee comprises of three (3) members who are all Independent Non-Executive Directors. The present chairman of the Audit Committee is Mr. Leong Kam Soon, an Independent Non-Executive Director, who was appointed on 26 August 2021 to succeed Mr. Wong Mun Wai who resigned from the Board on 31 May 2021. The foregoing composition meets the requirements of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Audit Committee (past and present) and their attendance at the Audit Committee meetings held during the financial period ended 30 September 2021 are shown in the table below:-

Name of members of Audit Committee	Status of Directorship	Number of Meetings Attended
Wong Mun Wai (Chairman) (Resigned on 31.05.2021)	Senior Independent Non-Executive Director	5/5
YM Tengku Farith Rithauddeen (Member) (Resigned on 08.03.2021)	Independent Non-Executive Director	4/4
Yap Kien Ming (Member)	Independent Non-Executive Director	6/6
Lau Kok Fui (Member) (Alternate Director: Wong Yee Ming) (Retired on 29.09.2020)	Non-Independent Non-Executive Director	2/2
Ng Keok Chai (Member) (Appointed on 31.05.2021)	Independent Non-Executive Director	1/1
Leong Kam Soon (Chairman) (Appointed on 26.08.2021)	Independent Non-Executive Director	N/A*

* *Not applicable as there is no meeting held from the date of his appointment to the date of financial period ended 30 September 2021.*

A full agenda and comprehensive set of meeting papers were circulated to each Audit Committee members with sufficient notification prior to each meeting. There were six (6) Audit Committee sittings during the financial period ended 30 September 2021. 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 Audit Committee on reports presented at the meeting and to clarify on issues that the Audit Committee may have with regard to the activities involving their areas of responsibilities.

The Internal Auditors attended one (1) meeting during the financial period ended 30 September 2021 at the invitation of the Committee. At the said meeting the Internal Auditors briefed the Audit Committee on the audit plan and the audit findings in relation to PanPages Media Sdn. Bhd. focusing on production operations.

1. COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE (CONT'D)

The External Auditors attended four (4) meetings during the financial period ended 30 September 2021 at the invitation of the Committee to brief the Audit Committee on annual audit issues. During the financial period under review, the Audit Committee met separately with the External Auditors without the presence of the Management.

Proceedings of each Audit Committee meeting are recorded and minutes of meetings are tabled for confirmation at the next following Audit Committee meeting and subsequently presented to the Board at Board meeting for information. The Company Secretary is the Secretary to the Audit Committee.

2. AUTHORITY AND DUTIES OF THE AUDIT COMMITTEE

The Audit Committee is governed by its Terms of Reference which is available on the Company's website at *https://www.hongseng.com.my*.

3. WORK DONE DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

In accordance with its Terms of Reference, the works undertaken by the Audit Committee during the financial period ended 30 September 2021 included the deliberation and review of the following:-

Financial Reporting

(a) 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;

(b) Discussed with the Management any significant changes to the regulations, standards and other regulatory requirements that may affect the financial reporting of the Group;

(c) Reviewed and discussed the quarterly unaudited financial results with the Management, in particular any significant items or transactions that have affected the financial performance of the Company and the Group and sought clarifications from the Management before its recommendation to the Board for their approval and release to Bursa Securities; and

(d) Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 March 2020 with the Management and the External Auditors before recommending them to the Board for their deliberation and approval and release to Bursa Securities;

External Audit

(a) Reviewed and discussed with the External Auditors, their annual audit planning memorandum inclusive of the areas of audit emphasis, scope for the year and their audit strategies as well as the audit procedures prior to commencement of annual audit for the financial period ended 30 September 2021;

(b) Reviewed with the External Auditors and the Management, the results and observations of the External Audit, significant audit findings and adjustments arising therefrom together with the Management's responses to the findings;

(c) Appraised the performance and evaluated the independence and objectivity of the External Auditors in providing their services, including non-audit services to the Group; and made recommendations to the Board on their re-appointment and quantum of audit fees;

3. WORK DONE DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONT'D)

External Audit (cont'd)

(d) 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; and

(e) Reviewed the recommendations by the External Auditors in respect of control weaknesses noted during the course of their audit.

The Audit Committee had obtained confirmation from the External Auditors, Messrs Grant Thornton Malaysia PLT that they have complied with the relevant ethical requirements regarding their independence throughout the audit and that the provision of the non-audit services to the Company have not compromised their independence, nor were they aware of any relationships between them and the Group that may reasonably be thought to have impaired their independence.

The total amount of non-audit fees incurred by the Group for services provided by Messrs Grant Thornton Malaysia PLT for the financial period under review is RM65,000 (2020: RM5,000).

Internal Audit

(a) Oversaw the internal audit activities carried out by the Internal Auditors and ensure sufficient assistance was rendered by the Management and staff to the Internal Auditors;

(b) Discussed the Internal Audit reports, their major findings and recommendations and appraised the adequacy of the Management's responses in resolving the audit issues;

(c) Reviewed and recommended to the Board for their approval on the Internal Auditor's recommendations for improvements by the Management;

(d) Monitored and reviewed the progress of follow-ups on audit findings to ensure remedial/corrective actions have been taken by the Management on a timely basis; and

(e) Discussed on the Internal Audit plan for the year 2020 and the auditable business units and processes.

The costs incurred in maintaining the outsourced internal audit function for the financial period ended 30 September 2021 is RM6,500 (2020: RM6,420).

Other Activities

(a) Reviewed the Audit Committee Statement and Statement on Risk Management and Internal Control and recommended the same to the Board for inclusion in the Annual Report 2020;

(b) Reviewed the related party transactions and made statement of its view, reviewed any conflict of interest situation that may arise within the Group and to ensure that they are not more favourable to the related parties than those generally available to the public and complies with the Listing Requirements;

(c) Reviewed the Circular to Shareholders in relation to the Recurrent Related Party Transactions Mandate and made statement of its view and recommended the same to the Board to seek shareholders' approval for the said Mandate;

(d) Reported to the Board on matters discussed and addressed at the Audit Committee meetings;

3. WORK DONE DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONT'D)

Other Activities (cont'd)

(e) Reviewed the status of compliance of the Company with regard to the Malaysian Code on Corporate Governance, which are within the scope and functions of the Audit Committee, for the purposes of disclosure in the Corporate Governance Overview Statement;

(f) Reviewed the Related Party Transaction Policy and Procedures and recommended the same to the Board for endorsement and adoption;

(g) Reviewed the amended Terms of Reference of the Audit Committee to ensure that the terms of reference adopted are aligned with the development of the rules, regulations, guidelines, best practices issued and recommended the said revised Terms of Reference to the Board for endorsement and adoption; and

(h) Discussed on the Bursa Securities' letter to all listed issuers on key observations on the effectiveness of internal audit function of listed issuers.

4. INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

The internal audit function, which is outsourced to a professional services firm is an integral part of the assurance mechanism in ensuring the Group's system of internal control are adequate and effective. The Internal Auditors report directly to the Audit Committee and assist the Audit Committee to discharge its duties and responsibilities.

The Internal Auditors prepare and table the Internal Audit Plan for the consideration and approval of the Audit Committee. It conducts independent reviews of the key activities with the Group's operations based on the audit plan approved by the Audit Committee.

During the financial period ended 30 September 2021, the Internal Auditors carried out the field audit works covering the PanPages Media Sdn. Bhd., the Company's wholly-owned subsidiary, focusing on area of production and provided the Audit Committee with independent views on the adequacy, integrity and effectiveness of the system of internal control. Prior to the presentation of report to the Audit Committee, comments from the Management are obtained and incorporated into the internal audit findings and reports.

The Audit Committee's involvement in the internal audit function are set out in item 3 above.

5. OTHER INFORMATION

The Nominating Committee had at its meeting held in 21 August 2020 reviewed the term of office of the Audit Committee and its members and assessed the performance of the Audit Committee and its members through an annual Board Committee effectiveness assessment. The Nominating Committee was of the view that the term of office of the Audit Committee was adequate. The Nominating Committee also satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference. The result of the assessment was reported to the Board and the Board is in concurrence with the Nominating Committee with regard to the performance of the Audit Committee and its members.

NOMINATING COMMITTEE REPORT

The Board of Directors ("the Board") is pleased to present the report of its Nominating Committee for the financial period ended 30 September 2021.

The primary objective of the Nominating Committee is to assist the Board in establishing board nomination policy and examining/recommending the skills and characteristics required of board candidates, assessing the recommended candidates to fill vacancies on the Board which require the Board's approval; and assessing and evaluating the performance of the Board and individual directors' effectiveness on an annual basis.

Information on the Nominating Committee, board appointment and annual evaluation can also be found in Section A(ix) of the Corporate Governance Overview Statement of this Annual Report.

1. Composition of Nominating Committee

The present Nominating Committee comprises three (3) Independent Non-Executive Directors as follows, following the resignation of Mr. Wong Mun Wai on 31 May 2021:-

Chairman	:	Mr. Yap Kien Ming *Independent Non-Executive Director*
Member	:	Tuan Ng Keok Chai *Independent Non-Executive Director*
		Mr. Leong Kam Soon *Independent Non-Executive Director*

2. Activities of the Nominating Committee

The annual principal function of the Nominating Committee is to assess and review the performance of the board, board directors and board committees and to consider the appropriate size and composition of the Board. The underlying policy in determining the size and composition of the Board is based on the consideration of the complexity and scale of operations of the Company and the Group, the Board balance and Board's capacity to discharge its responsibilities effectively.

Following are the summary of the review activities and the criteria and processes carried out by the Nominating Committee during the financial period ended 30 September 2021:-

i. Review of the Performance and Effectiveness of the Board, Board Committees and Individual Director

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peers, quality of the input of the Director and their understanding of their respective roles.

During the assessment exercise, the Directors will be given a performance evaluation sheet for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. In view that the Nominating Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Nominating Committee, Remuneration Committee and the Audit Committee are carried out by the Board with the members of the respective committees abstained from deliberation.

2. Activities of the Nominating Committee (cont'd)

ii. Annual Independence Assessment

On an annual basis, the Nominating Committee will review the independence of the Independent Directors. Criteria for assessment of independence are primarily based on the requirements and definition of "independent director" as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the integrity and objectivity of the independent director in discharging his duties.

iii. Evaluation of Directors Standing for Re-Election at the Annual General Meeting

In recommending the Directors for re-election to the Board, the Nominating Committee would refer to the individual Directors' annual assessment result to ensure that feedback given and scoring achieved by the relevant directors who are retiring by rotation are satisfactory.

iv. Nomination of Appointment to the Board

During the financial period ended 30 September 2021, the Nominating Committee had assessed the following nominations of appointment of Directors proposed by the senior management of which all nominations were approved by the Board:-

Date	Name of Director	Designation & Directorate
05.08.2020	Dato' Seri Teoh Hai Hin	Executive Chairman
05.08.2020	Teoh Soon Han	Executive Director
19.10.2020	Teoh Soon Han	Alternate Director to Dato' Seri Teoh Hai Hin
11.02.2021	Lester Chin Kent Lake	Executive Director
16.03.2021	Christopher Chan Hooi Guan	Executive Director
01.06.2021	Dato' Seri Dr. Chen Chaw Min	Independent Non-Executive Chairman
26.08.2021	Leong Kam Soon	Independent Non-Executive Director

Further details on the Nominating Committee's activities on the above nomination are discussed in Section A(ix) of the Corporate Governance Overview Statement of this Annual Report.

Financial Statements

Financial Section

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 period from 1 April 2020 to 30 September 2021.

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 period.

CHANGE OF FINANCIAL YEAR

The Company changed its financial year end from 31 March 2021 to 30 September 2021 to facilitate financial reporting.

RESULTS

	Group RM	Company RM
Net profit for the financial period	58,870,112	31,688,004
Attributable to:		
Owners of the Company	46,365,803	
Non-controlling interests	12,504,309	
	58,870,112	

DIVIDENDS

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

RESERVES AND PROVISIONS

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

DIRECTORS

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

Dato’ Seri Teoh Hai Hin (Executive Chairman & Executive Director, appointed on 5.8.2020 and redesignated to Group Managing Director on 1 June 2021)**
Kenny Khow Chuan Wah (Executive Director)*^
Lester Chin Kent Lake (Executive Director, appointed on 11.2.2021)#
Christopher Chan Hooi Guan (Executive Director, appointed on 16.3.2021)^^
Leong Kam Soon (Independent Non-Executive Director, appointed on 26.8.2021)
Ng Keok Chai (Independent Non-Executive Director)
Yap Kien Ming (Independent Non-Executive Director)
Teoh Soon Han (Executive Director, appointed on 5.8.2020 and resigned on 19.10.2020, Alternate Director to Dato’ Seri Teoh Hai Hin, appointed on 19.10.2020)
Lau Kok Fui (Non-Independent Non-Executive Director, retired on 29.9.2020)
Wong Yee Ming (Alternate Director to Lau Kok Fui, ceased on 29.9.2020)
Lim Peng Tong (Executive Director, resigned on 11.2.2021)
YM Tengku Farith Rithauddeen (Chairman and Independent Non-Executive Director, redesignated to Independent Non-Executive Director on 5.8.2020, resigned on 8.3.2021)
Wong Mun Wai (Senior Independent Non-Executive Director, resigned on 31.5.2021)
Dato’ Seri Dr. Chen Chaw Min (Non-Executive Chairman and Independent Non-Executive Director, appointed on 1.6.2021 and resigned on 14.12.2021)
Chong Koon Meng (Executive Director, resigned on 31.12.2021)

- * also Director of all subsidiaries except for Panpages Media Sdn. Bhd., Panpages Online Sdn. Bhd., CBSA International Sdn. Bhd., CBSA Bizhub Sdn. Bhd., Cyber Business Solutions Sdn. Bhd., Neogenix Evo Sdn. Bhd., Neogenix Sdn. Bhd., Neogenix Sabah Sdn. Bhd., Pantasniaga Sdn. Bhd. and Aspire Knowledge Sdn. Bhd..
- ** also Director of Hong Seng Industries Sdn. Bhd., Hong Seng Gloves Sdn. Bhd., HS Synergy Sdn. Bhd. (formerly known as CBSA Synergy Sdn. Bhd.), HS Petchem and Logistics Sdn. Bhd., HS Freight and Forwarding Sdn. Bhd. and Pantasniaga Sdn. Bhd..
- ^ also Director of HC Global Limited.
- ^^ also Director of Neogenix Laboratoire Sdn. Bhd., Neogenix Sdn. Bhd., Neogenix Food Science Sdn. Bhd., HS Bio Sdn. Bhd. (formerly known as HS Bio Supplies Sdn. Bhd.) and eMedAsia Sdn. Bhd..
- # also Director of Neogenix Sdn. Bhd. and HS Freight and Forwarding Sdn. Bhd..

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

Fong Wai Leong
Joveen Neoh Wan Fen
Kuan Chee Sian
Lim Peng Tong
Loh Sheng Wei
Mugilan Krishnarajah A/L Krishnarajah
Sandosh A/L J Nanandan
Tan Tian Sin
Vasudevan A/L Arumugam
Mahamed Namazie Bin A.M. Ibrahim
Thirunavukarasu A/L Rajoo
Lee Yeow Tuck
Tan Ooi Jin
Chong Koon Meng

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 period (including their spouses or children) are as follows:-

	Number of ordinary shares ("OS")				
	At 1.4.2020/ date of appoitment	**Bought/ converted into OS**	**Share Split**	**Sold**	**At 30.9.2021**
Direct interests					
Dato' Seri Teoh Hai Hin	–	164,000,000	24,500,000	–	188,500,000
Kenny Khow Chuan Wah	–	5,630,000	5,162,100	(467,900)	10,324,200
Indirect interest					
Dato' Seri Teoh Hai Hin*	95,207,300	217,309,100	142,008,200	(291,008,200)	163,516,400
Lester Chin Kent Lake#	70,425,000	77,817,900	146,180,900	–	294,423,800
Christopher Chan Hooi Guan^	103,000,000	–	103,000,000	–	206,000,000

	Number of Warrant A			
	At 1.4.2020/ date of appointment	**Bought**	**Sold/ exercised into OS**	**At 30.9.2021**
Direct interests				
Kenny Khow Chuan Wah	–	892,300	(892,300)	–
Indirect interest				
Dato' Seri Teoh Hai Hin#	–	28,148,900	(28,148,900)	–

	Number of Warrant B			
	At 1.4.2020/ date of appointment	**Bought/ bonus issue**	**Sold**	**At 30.9.2021**
Direct interests				
Kenny Khow Chuan Wah	–	3,441,400	–	3,441,400
Dato' Seri Teoh Hai Hin	–	62,833,333	(2,500,000)	60,333,333
Indirect interest				
Dato' Seri Teoh Hai Hin*	–	54,505,466	(1,000,000)	53,505,466
Lester Chin Kent Lake#	–	98,141,266	–	98,141,266
Christopher Chan Hooi Guan^	–	68,666,666	–	68,666,666

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 period (including their spouses or children) are as follows (cont'd):-

	Number of irredeemable convertible preference shares			
	At 1.4.2020/ date of appointment	**Bought**	**Sold/ converted to OS**	**At 30.9.2021**
Direct interests				
Kenny Khow Chuan Wah	–	4,269,800	(4,269,800)	–
Indirect interest				
Dato' Seri Teoh Hai Hin*	–	1,851,100	(1,851,100)	–
Lester Chin Kent Lake#	755,900	70,000,000	(70,755,900)	–

* *Indirect interest by virtue of his interest in Hong Seng Frontier Sdn. Bhd.*
\# *Indirect interest by virtue of his father's interest and his interests in Radiance Dynasty Sdn. Bhd.*
^ *Indirect interest by virtue of his interest in Aurora Crest Sdn. Bhd. and Open Dynamics Sdn. Bhd.*

By virtue of Dato' Seri Teoh Hai Hin, Mr. Kenny Khow Chuan Wah, 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 period had any interest in the shares of the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

During and at the end of the financial period, 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.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those set out in Notes 28 and 29 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial period the Company:-

(a) issued 692,608,900 new ordinary shares at an issue price of RM0.20 each for a total cash consideration of RM138,521,780 pursuant to the conversion of 692,608,900 irredeemable convertible preference shares ("ICPS") (previously subscribed for at RM0.05) at a conversion price of RM0.15 each before the Share Split. Subsequent to the Share Split, the Company issued 205,425,700 new ordinary shares at an issue price of RM0.10 each for a total cash consideration of RM20,542,570 by way of conversion of 205,425,700 ICPS (at a subscription price of RM0.025 subsequent to the Share Split) at a conversion price of RM0.075 each;

(b) issued 126,123,020 new ordinary shares at an issue price of RM0.25 each for a total cash consideration of RM31,530,755 pursuant to the exercise of 126,123,020 Warrants A at an exercise price of RM0.25 each before the Share Split. Subsequent to the Share Split, the Company issued 65,182,000 new ordinary shares at an issue price of RM0.13 each for a total cash consideration of RM8,473,660 by way of conversion of 65,182,000 Warrants A at an exercise price of RM0.13 each;

(c) issued 3,000,000 new ordinary shares at an issue price of RM1.73 each for a total consideration of RM5,190,000 for the acquisition of an additional 32% equity interest in eMedAsia Sdn. Bhd. by the Group;

(d) issued 600,000 new ordinary shares at an issue price of RM0.35 each for a total cash consideration of RM210,000 pursuant to the exercise of 600,000 Employee Share Option Scheme ("ESOS") at an exercise price of RM0.35 each; and

(e) completed a share split exercise on 16 June 2021. The Company issued 1,140,914,742 ordinary shares, 103,848,155 ICPS and 33,168,391 Warrants A pursuant to the share split exercise ("Share Split").

The new ordinary shares issued during the financial period 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 period.

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

The salient terms of the ICPS are disclosed in Note 16 to the Financial Statements.

WARRANTS

The Company had on 2 October 2019 allotted and issued 53,097,137 Right 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 for every 1 Right 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 in accordance with a deed poll. Any warrant 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 pursuant to the Share Split.

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 2021, 1,154,782 Warrants A remained unexercised.

OPTIONS GRANTED OVER UNISSUED SHARES

The salient features and other terms of the ESOS are disclosed in the Note 28 to the Financial Statements.

As at 30 September 2021, the options offered to take up unissued ordinary shares at an exercise price are as follows:-

		Number of options over ordinary shares					
Date of offer	**Exercise price RM**	**At 1.4.2020**	**Retracted ***	**Exercised**	**Share Split**	**Lapsed**	**At 30.9.2021**
4.7.2011	0.35#	674,000	(45,000)	(600,000)	29,000	(58,000)	–

* Due to resignations
\# RM0.175 after the Share Split

There were no options granted at the end of the financial period.

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 period.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that 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 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.

OTHER STATUTORY INFORMATION (CONT'D)

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 period 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 period.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial period in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

Significant and subsequent events are disclosed in Note 34 to the Financial Statements.

AUDITORS

Details of Auditors' remuneration are set out in Note 25 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial period from 1 April 2020 to 30 September 2021.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....
DATO' SERI TEOH HAI HIN

DIRECTORS

....
KENNY KHOW CHUAN WAH

Kuala Lumpur
27 January 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 72 to 157 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 2021 and of their financial performance and cash flows for the financial period from 1 April 2020 to 30 September 2021.

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

………………………………………………	………………………………………………
DATO' SERI TEOH HAI HIN	**KENNY KHOW CHUAN WAH**

Kuala Lumpur
27 January 2022

STATUTORY DECLARATION

I, Kenny Khow Chuan Wah, 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 72 to 157 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)
27 January 2022)

………………………………………………………………
KENNY KHOW CHUAN WAH
(MIA NO.: 31967)
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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 April 2020 to 30 September 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 72 to 157.

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 2021, and of their financial performance and cash flows for the financial period from 1 April 2020 to 30 September 2021 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 period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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, revenue and contract liabilities are included in Notes 3.15 and 23 to the Financial Statements.

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

Key Audit Matters (cont'd)

Group (cont'd)

Impairment of goodwill and intangible assets

The risk – Under MFRSs, the Group is required to annually test the amount of goodwill for impairment. Intangible assets with finite useful lives are required to be tested by the Group for impairment when there are indicators of impairment. These impairment testing relies on estimates of value-in-use based on estimated future cash flows.

The impairment tests were 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 and intangible assets.

The Group's disclosures regarding goodwill and intangible assets are included in Notes 3.1.3, 3.5, 3.8, 5 and 8 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.

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.

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, the 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
27 January 2022

STATEMENTS OF
FINANCIAL POSITION
as at 30 September 2021

		Group		Company	
	Note	**30.9.2021 RM**	**31.3.2020 RM**	**30.9.2021 RM**	**31.3.2020 RM**
ASSETS					
Non-current assets					
Property, plant and equipment	4	61,932,241	1,668,922	62,449	20,646
Intangible assets	5	13,750,000	–	–	–
Investment in subsidiary companies	6	–	–	10,075,208	4,292,518
Investment in a joint venture company	7	–	–	–	–
Goodwill on consolidation	8	8,083,027	–	–	–
Other investments	9	9,519,943	9,432,787	9,519,943	9,432,787
Contract costs	10	–	74,152	–	–
Fixed deposits with licensed banks	11	5,667,001	–	–	–
Total non-current assets		98,952,212	11,175,861	19,657,600	13,745,951
Current assets					
Inventories	12	9,000,086	–	–	–
Trade receivables	13	53,191,832	801,962	–	–
Other receivables	14	22,810,844	356,590	5,052,265	73,588
Amount due from subsidiary companies	6	–	–	133,821,833	272,891
Amount due from a joint venture company	7	25,500	–	25,000	–
Other investments	9	13,584	31,849	–	–
Contract costs	10	–	286,081	–	–
Tax recoverable		13,281	9,176	–	–
Fixed deposits with licensed banks	11	10,238,219	30,282,500	10,000,000	30,224,219
Cash and bank balances		142,379,159	22,581,715	95,716,816	22,285,998
Total current assets		237,672,505	54,349,873	244,615,914	52,856,696
Total assets		336,624,717	65,525,734	264,273,514	66,602,647

	Note	Group 30.9.2021 RM	Group 31.3.2020 RM	Company 30.9.2021 RM	Company 31.3.2020 RM
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	15	250,615,397	46,146,632	250,615,397	46,146,632
Irredeemable convertible preference shares	16	56,765	39,822,853	56,765	39,822,853
Share option reserve		–	66,394	–	66,394
Retained earnings/ (Accumulated losses)		22,608,174	(23,757,629)	12,435,777	(19,252,227)
Fair value reserve		(863,432)	(950,588)	(863,432)	(950,588)
		272,416,904	61,327,662	262,244,507	65,833,064
Non-controlling interests	6	21,891,990	–	–	–
Total equity		294,308,894	61,327,662	262,244,507	65,833,064
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	592,867	663,584	–	–
Deferred tax liabilities	18	32,231	–	–	–
Contract liabilities	19	–	205,429	–	–
Total non-current liabilities		625,098	869,013	–	–
Current liabilities					
Trade payables	20	7,660,067	404,668	–	–
Other payables	21	13,268,750	1,072,593	265,062	144,427
Contract liabilities	19	–	565,916	–	–
Amount due to subsidiary companies	6	–	–	1,728,558	625,156
Lease liabilities	17	304,143	195,376	–	–
Bank borrowings	22	15,302,483	1,090,295	–	–
Tax payable		5,155,282	211	35,387	–
Total current liabilities		41,690,725	3,329,059	2,029,007	769,583
Total liabilities		42,315,823	4,198,072	2,029,007	769,583
Total equity and liabilities		336,624,717	65,525,734	264,273,514	66,602,647

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Period from 1 April 2020 to 30 September 2021

	Note	Group 1.4.2020 to 30.9.2021 RM	Group 1.4.2019 to 31.3.2020 RM	Company 1.4.2020 to 30.9.2021 RM	Company 1.4.2019 to 31.3.2020 RM
Revenue	23	146,968,810	4,429,306	–	–
Cost of sales		(95,532,172)	(1,549,887)	–	–
Gross profit		51,436,638	2,879,419	–	–
Other income	24	36,638,980	4,986,678	34,079,379	–
Interest income		1,359,918	634,188	1,200,547	612,652
Impairment (loss)/gain on financial assets		(1,838,939)	197,347	417,372	(1,805,912)
Selling and distribution expenses		(124,132)	–	–	–
Administration expenses		(14,578,789)	(5,145,529)	(3,973,907)	(1,570,698)
Other expenses		(2,536,554)	(10,848,187)	–	(974,746)
Finance costs		(508,647)	(161,692)	–	–
Share of loss of a joint venture company		(50)	–	–	–
Profit/(Loss) before tax	25	69,848,425	(7,457,776)	31,723,391	(3,738,704)
Tax (expense)/income	26	(10,978,313)	23,449	(35,387)	(1,816)
Net profit/(loss) for the financial period/year		58,870,112	(7,434,327)	31,688,004	(3,740,520)
Other comprehensive income/(loss)					
Items that will be subsequently reclassified to profit or loss:					
- Foreign currency translation differences		–	(482,656)	–	–
- Reversal of foreign currency translation reserve arising from disposal of a subsidiary company		–	644,312	–	–
Item that will not be subsequently reclassified to profit or loss:					
- Fair value adjustment on investment in unquoted shares		87,156	(393,715)	87,156	(393,715)
Total comprehensive income/(loss) for the financial period/year		58,957,268	(7,666,386)	31,775,160	(4,134,235)

		Group		Company	
	Note	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Net profit/(loss) for the financial period/year attributable to:					
Owners of the Company		46,365,803	(7,434,327)	31,688,004	(3,740,520)
Non-controlling interests		12,504,309	–	–	–
		58,870,112	(7,434,327)	31,688,004	(3,740,520)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		46,452,959	(7,666,386)	31,775,160	(4,134,235)
Non-controlling interests		12,504,309	–	–	–
		58,957,268	(7,666,386)	31,775,160	(4,134,235)
Earnings/(losses) per shares attributable to equity holders of the Company (sen)					
- Basic	27	3.25	(2.55)		
- Diluted	27	1.82	*		

** anti-dilutive in nature*

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

STATEMENTS OF
CHANGES IN EQUITY
for the Financial Period from 1 April 2020 to 30 September 2021

	Attributable to owners of the Company								
		Non-distributable							
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	Foreign currency translation reserve RM	(Accumulated losses)/ Retained earnings RM	Fair value reserve RM	Total RM	Non-controlling interests RM	Total RM
Group									
Balance at 1 April 2019	32,872,348	–	67,802	(161,656)	(15,233,966)	(556,873)	16,987,655	–	16,987,655
Net loss for the financial year	–	–	–	–	(7,434,327)	–	(7,434,327)	–	(7,434,327)
Other comprehensive loss for the financial year	–	–	–	161,656	–	(393,715)	(232,059)	–	(232,059)
Total comprehensive loss for the financial year	–	–	–	161,656	(7,434,327)	(393,715)	(7,666,386)	–	(7,666,386)
Transactions with owners:									
Issuance of ordinary shares	13,274,284	–	–	–	–	–	13,274,284	–	13,274,284
Issuance of irredeemable convertible preference shares	–	39,822,853	–	–	–	–	39,822,853	–	39,822,853
Share issuance expenses	–	–	–	–	(1,089,336)	–	(1,089,336)	–	(1,089,336)
Reversal of share-based payment under ESOS	–	–	(1,408)	–	–	–	(1,408)	–	(1,408)
Total transactions with owners	13,274,284	39,822,853	(1,408)	–	(1,089,336)	–	52,006,393	–	52,006,393
Balance at 31 March 2020	46,146,632	39,822,853	66,394	–	(23,757,629)	(950,588)	61,327,662	–	61,327,662
Net profit for the financial period	–	–	–	–	46,365,803	–	46,365,803	12,504,309	58,870,112
Other comprehensive income for the financial period	–	–	–	–	–	87,156	87,156	–	87,156
Total comprehensive income for the financial period	–	–	–	–	46,365,803	87,156	46,452,959	12,504,309	58,957,268

	Attributable to owners of the Company								
		Non-distributable							
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	Foreign currency translation reserve RM	(Accumulated losses)/ Retained earnings RM	Fair value reserve RM	Total RM	Non–controlling interests RM	Total RM
Group (cont'd)									
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	–	–	–	–	–	5,190,000	9,387,681	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)	–	–	–	164,636,283	9,387,681	174,023,964
Balance at 30 September 2021	250,615,397	56,765	–	–	22,608,174	(863,432)	272,416,904	21,891,990	294,308,894

	Attributable to owners of the Company					
		Non-distributable				
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	(Accumulated losses)/ Retained earnings RM	Fair value reserve RM	Total RM
Company						
Balance at 1 April 2019	32,872,348	–	67,802	(14,422,371)	(556,873)	17,960,906
Net loss for the financial year	–	–	–	(3,740,520)	–	(3,740,520)
Other comprehensive loss for the financial year	–	–	–	–	(393,715)	(393,715)
Total comprehensive loss for the financial year	–	–	–	(3,740,520)	(393,715)	(4,134,235)
Transactions with owners:						
Issuance of new shares	13,274,284	–	–	–	–	13,274,284
Issuance of irredeemable convertible preference shares	–	39,822,853	–	–	–	39,822,853
Share issuance expenses	–	–	–	(1,089,336)	–	(1,089,336)
Reversal of share-based payment under ESOS	–	–	(1,408)	–	–	(1,408)
Total transactions with owners	13,274,284	39,822,853	(1,408)	(1,089,336)	–	52,006,393
Balance at 31 March 2020	46,146,632	39,822,853	66,394	(19,252,227)	(950,588)	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	–	–	–	31,688,004	87,156	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	–	12,435,777	(863,432)	262,244,507

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

STATEMENTS OF CASH FLOWS

for the Financial Period from 1 April 2020 to 30 September 2021

	Note	Group 1.4.2020 to 30.9.2021 RM	Group 1.4.2019 to 31.3.2020 RM	Company 1.4.2020 to 30.9.2021 RM	Company 1.4.2019 to 31.3.2020 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		69,848,425	(7,457,776)	31,723,391	(3,738,704)
Adjustments for:-					
Amortisation of intangible assets		1,250,000	–	–	–
Bad debts written off		61,323	5,074,217	–	–
Depreciation		848,203	426,124	14,718	5,986
Gain from bargain purchases arising from acquisitions of subsidiary companies		(2,440,146)	–	–	–
Gain on derecognition of lease contract		(34,761)	–	–	–
Gain on disposal of subsidiary companies		(33,642,457)	(4,785,623)	(34,079,379)	–
Impairment loss on amount due from subsidiary company		–	–	–	1,805,912
Impairment loss on intangible assets		–	5,000,000	–	–
Impairment loss on investment in subsidiary company		–	–	–	930,716
Impairment loss on trade receivables		428,528	1,936,606	–	–
Intangible assets written off		10,000	30,000	–	–
Interest expenses		508,647	161,692	–	–
Interest income		(1,359,918)	(634,188)	(1,200,547)	(612,652)
Inventories written down		789,482	–	–	–
Loss on remeasurement		1,603,701	–	–	–
Loss/(Gain) on disposal of property, plant and equipment		67,486	(151,150)	–	–
Property, plant and equipment written off		13,620	734,670	–	44,030
Rental rebates		(96,500)	–	–	–
Reversal of impairment loss on investment in subsidiary companies		–	–	(272,490)	–
Reversal of impairment loss on amount due from subsidiary companies		–	–	(144,882)	–
Reversal of impairment loss on trade receivables		(1,171,461)	(2,133,953)	–	–
Reversal of share-based payment under ESOS		(6,022)	(1,408)	(6,022)	(1,408)
Share of loss of a joint venture company		50	–	–	–
Unrealised loss on foreign exchange		–	25	–	–
Waiver of debts		(30,392)	–	–	–

	Note	Group 1.4.2020 to 30.9.2021 RM	Group 1.4.2019 to 31.3.2020 RM	Company 1.4.2020 to 30.9.2021 RM	Company 1.4.2019 to 31.3.2020 RM
OPERATING ACTIVITIES (CONT'D)					
Operating profit/(loss) before working capital changes		36,647,808	(1,800,764)	(3,965,211)	(1,566,120)
Changes in working capital:					
Inventories		(8,905,961)	–	–	–
Receivables		(16,134,454)	704,049	(4,978,677)	525,720
Loan receivables		(27,526,735)	–	–	–
Payables		4,319,039	(366,088)	120,635	(102,435)
Contract costs		360,233	281,585	–	–
Contract liabilities		(771,345)	(727,409)	–	–
Cash used in operations		(12,011,415)	(1,908,627)	(8,823,253)	(1,142,835)
Interest paid		(508,647)	(161,692)	–	–
Tax refunded		–	218,813	–	–
Tax paid		(6,109,815)	(5,277)	–	(1,816)
Net cash used in operating activities		(18,629,877)	(1,856,783)	(8,823,253)	(1,144,651)
INVESTING ACTIVITIES					
Acquisition of shares in existing subsidiary company		–	–	–	(1,999,998)
Acquisition of shares in new subsidiary companies		(4,877,918)	–	(5,930,821)	(4)
Advance to a joint venture company		–	–	(25,000)	–
Advance to subsidiary companies		–	–	(128,214,060)	–
Deposit paid for sublease of land		(11,173,140)	–	–	–
Interest received		1,359,918	634,188	1,200,547	612,652
Investment in a joint venture company		(50)	–	–	–
Net cash inflow/(outflow) from disposal of a subsidiary company		34,396,235	(115,555)	–	–
Proceeds from disposal of a subsidiary company		–	–	34,500,000	–
Proceeds from disposal of property, plant and equipment		520,000	388,650	–	–
Purchase of intangible asset		(15,000,000)	–	–	–
Purchase of property, plant and equipment	A	(60,650,533)	(1,689,725)	(56,521)	(62,080)
Subscription by non–controlling interests in the shares of subsidiary companies		6,060,000	–	–	–
Net cash used in investing activities		(49,365,488)	(782,442)	(98,525,855)	(1,449,430)

	Note	Group 1.4.2020 to 30.9.2021 RM	Group 1.4.2019 to 31.3.2020 RM	Company 1.4.2020 to 30.9.2021 RM	Company 1.4.2019 to 31.3.2020 RM
FINANCING ACTIVITIES					
Advance from subsidiary companies		–	–	1,103,402	1,513,590
Net drawdown of short term bank borrowings		15,000,000	–	–	–
Placement of fixed deposits pledged		(5,608,720)	–	–	–
Proceeds from issuance of irredeemable convertible preference shares		–	39,822,853	–	39,822,853
Proceeds from issuance of shares, net of share issuance expenses		159,452,305	12,184,948	159,452,305	12,184,948
Repayment of lease liabilities		(267,229)	(165,257)	–	–
Net cash from financing activities		168,576,356	51,842,544	160,555,707	53,521,391
CASH AND CASH EQUIVALENTS					
Net changes		100,580,991	49,203,319	53,206,599	50,927,310
Effect of foreign currency translation differences on cash and cash equivalents		–	9,480	–	–
At beginning of financial period/year		51,747,488	2,534,689	52,510,217	1,582,907
At end of financial period/year	B	152,328,479	51,747,488	105,716,816	52,510,217

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 1.4.2020 to 30.9.2021 RM	Group 1.4.2019 to 31.3.2020 RM	Company 1.4.2020 to 30.9.2021 RM	Company 1.4.2019 to 31.3.2020 RM
Total acquisition cost	61,388,943	2,524,905	56,521	62,080
Less: Additions of right-of-use assets with lease liabilities	(738,410)	(835,180)	–	–
Total cash acquisition	60,650,533	1,689,725	56,521	62,080

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	
	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Other investments (Note 9)	13,584	31,849	–	–
Bank overdraft (Note 22)	(302,483)	(1,090,295)	–	–
Fixed deposits with licensed banks	15,905,220	30,282,500	10,000,000	30,224,219
Cash and bank balances	142,379,159	22,581,715	95,716,816	22,285,998
	157,995,480	51,805,769	105,716,816	52,510,217
Less: Fixed deposits pledged	(5,667,001)	(58,281)	–	–
	152,328,479	51,747,488	105,716,816	52,510,217

C. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Payment relating to short term leases	72,719	567,616	–	138,624
Payment relating to leases of low-value assets	10,290	520	10,290	520
Interest paid in relation to lease liabilities	85,352	43,214	–	–
Payment of lease liabilities	267,729	165,257	–	–
Total cash outflows for leases	435,590	776,607	10,290	139,144

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

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 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 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 period.

The Company changed its financial year end from 31 March 2021 to 30 September 2021 to facilitate financial reporting.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 27 January 2022.

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.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

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.

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 new standards/amendments/improvements to MFRSs

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

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

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements of the Group and of the Company, except for:-

<u>Amendment to MFRS 16 "COVID-19 - Related rent concessions"</u>

The Group has elected to early adopt amendment to MFRS 16 "COVID-19 - Related rent concessions" which will take effect on or after 1 June 2020.

In accordance with the transitional provisions provided in the amendment to MFRS 16, the comparative information was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16.

The accounting policies and impact of changes upon early adoption of amendment to MFRS 16 is disclosed in Notes 3.4.1.3 and 17 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

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 2021:-

Amendments to MFRS 9*#, 139*#, 7*#, 4*# and 16*#	Interest Rate Benchmark Reform - Phase 2

Amendments to MFRSs effective 1 April 2021:-

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

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	

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 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 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

* Not applicable to Company's operations
\# Not applicable to Group's operations

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

2. BASIS OF PREPARATION (CONT'D)

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.

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 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 30 September 2021, 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 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 uses 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).

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Provision for expected credit losses ("ECLs") of receivables (cont'd)

The provision matrix is initially based on the Group's historical observed default rates. The Group 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 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 31 to the Financial Statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most realiable 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 period/year in which such determination is made.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgement

The following is the significant management judgement in applying the accounting policies of the Group that have 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combinations and goodwill (cont'd)

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.

3.1.6 Joint venture company

A joint venture company is an entity in which the Company has significant influence but no control, over their financial and operating policies.

The Group's investment in a joint venture company is accounted for using the equity method. Under the equity method, investment in 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 since the acquisition date. Goodwill relating to the joint venture company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.6 Joint venture company (cont'd)

The share of the result of 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 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 joint venture company are eliminated to the extent of the interest in the joint venture company.

The aggregate of the Group's share of profit or loss of 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 joint venture company.

When the Group's share of losses exceeds its interest in 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 joint venture company.

The financial statements of the 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 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 investment in a joint venture company.

The Group determines at each end of the reporting period/year whether there is any objective evidence that the investment in a 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 joint venture company and their carrying value, then recognises the amount in the "share of profit/loss of a joint venture company" in profit or loss.

Upon loss of significant influence 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 joint venture company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in a joint venture 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, investment in a joint venture company is 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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.

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:-

Building	2%
Tools and office equipment	10% - 33.33%
Furniture and fittings	8% - 20%
Factory equipment	10%
Laboratory equipment	10% - 20%
Motor vehicles	20%
Computers	20% - 33.33%
Renovations	10% - 20%

Freehold land with an infinite useful life is not depreciated. Work-in-progress consists of laboratory under construction. 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 period/year 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:-

- Premises - 1 to 5 years
- Motor vehicle - 7 years

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

As at the reporting date, the accounting required by MFRS 16 for a change in lease payments, other than those arising from a change in amounts expected to be a payable under residual value guarantees to determine lease payments.

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.

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)

During the financial period, 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 also applies 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 period/year 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

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.

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 Website under development

Website under development refers to website portal under development for intended use in future. The amount of website under development is stated at cost and are not depreciated until it is completed and ready for its intended use.

3.5.3 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 measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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 it manages its 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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 commits to purchase or sell the asset.

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.

<u>Financial assets at amortised cost</u>

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, amount due from a joint venture company and cash and cash equivalents fall into this category of financial instruments.

<u>Financial assets designated at fair value through OCI (equity instruments)</u>

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI. 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 fair value through OCI are not subject to impairment assessment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Subsequent measurement (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. 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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.2 Financial liabilities (cont'd)

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.

<u>Financial liabilities at amortised cost</u>

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 statement of profit or loss.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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/accumulated losses include all current period's profits and prior years' accumulated losses.

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 period/year in which they incurred.

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

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 period/year 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 period 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 Share-based payment transactions

3.14.1 Equity-settled share-based payment transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or income reflected in profit or loss represents the movement in cumulative expense recognised as at the beginning and the end of that year and is recognised in employee benefits expense.

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

Where the terms of an equity-settled transaction award are modified, the minimum expense recognise is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Share-based payment transactions (cont'd)

3.14.1 Equity-settled share-based payment transactions (cont'd)

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.15 Revenue from contracts with customers

3.15.1 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue from contracts with customers (cont'd)

3.15.1 Revenue recognition (cont'd)

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 of services promised under the contract.

Revenue from sales of advertising space on printed directories is recognised over time by reference to the proportion of directory journals circularised to date bear to the estimated total directory journals to be circularised which is an output method that faithfully depicts the Group's performance towards complete satisfaction of its performance obligations.

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 sales of raw materials is recognised at a point in time upon delivery of goods.

Revenue from software solutions and maintenance is recognised over the term of the contract.

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 effective interest rate ("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.

Interest income is recognised on a time proportion basis.

Management fee is recognised when services are rendered.

3.15.2 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Contract liabilities related to the sales of advertising space on printed directories which are not expected to deliver within twelve months are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue from contracts with customers (cont'd)

3.15.3 Contract costs

Contract costs comprise costs incurred from the commencement of the production of the printed business directory journals. The contract costs are recognised as current assets when the related publication or period over term of the contract is expected to be completed within twelve months. The contract costs are classified as non-current assets when the related publication or period over term of the contract is not expected to be completed within twelve months from the reporting date. The contract costs are charged to the cost of sales when the related revenue is recognised upon the publication of the printed business directory journals. In the event that the publication is not expected to be materialised, the contract costs incurred are written off immediately to profit or loss.

3.16 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.16.1 Current tax

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

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

3.16.2 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax expenses (cont'd)

3.16.2 Deferred tax (cont'd)

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.

3.17 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including 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.

3.18 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.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Building RM	Tools and office equipment RM	Furniture and fittings RM	Factory equipment RM	Laboratory equipment RM	Motor vehicles RM	Computers RM	Renovations RM	Work-in-progress RM	Premises RM	Total RM
Cost												
At 1 April 2019	–	–	1,077,709	130,445	–	–	1,130,962	2,205,658	2,229,607	–	39,457	6,813,838
Additions	–	–	499	2,598	–	–	916,340	23,162	747,126	–	835,180	2,524,905
Disposals	–	–	(5,650)	–	–	–	(894,069)	–	–	–	–	(899,719)
Disposal of subsidiary companies	–	–	(1,635)	(10,006)	–	–	(87,554)	(42,832)	–	–	–	(142,027)
Foreign currency translation differences	–	–	87	529	–	–	4,628	2,264	–	–	–	7,508
Written off	–	–	(101,934)	(1,100)	–	–	–	(1,273,240)	(949,265)	–	–	(2,325,539)
At 31 March 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

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

Group (cont'd)	Freehold land RM	Building RM	Tools and office equipment RM	Furniture and fittings RM	Factory equipment RM	Laboratory equipment RM	Motor vehicles RM	Computers RM	Renovations RM	Work-in-progress RM	Premises RM	Total RM
Accumulated depreciation												
At 1 April 2019	–	–	1,017,486	109,175	–	–	955,703	1,985,751	2,162,533	–	–	6,230,648
Charge for the financial year	–	–	35,137	5,621	–	–	146,757	50,619	77,169	–	110,821	426,124
Disposals	–	–	(5,650)	–	–	–	(656,569)	–	–	–	–	(662,219)
Disposal of subsidiary companies	–	–	(1,635)	(9,596)	–	–	(45,839)	(41,452)	–	–	–	(98,522)
Foreign currency translation differences	–	–	86	506	–	–	2,140	2,150	–	–	–	4,882
Written off	–	–	(97,692)	(719)	–	–	–	(1,120,149)	(372,309)	–	–	(1,590,869)
At 31 March 2020	–	–	947,732	104,987	–	–	402,192	876,919	1,867,393	–	110,821	4,310,044
Charge for the financial period	–	3,625	15,976	25,082	3,674	99,646	212,997	61,669	121,251	–	304,283	848,203
Acquisition of subsidiary companies	–	–	3,260	31,205	–	67,204	–	28,747	58,732	–	60,972	250,120
Disposals	–	–	–	–	–	–	(78,854)	–	–	–	–	(78,854)
Disposal of a subsidiary company	–	–	–	(688)	–	–	–	(17,213)	–	–	–	(17,901)
Written off	–	–	(98,781)	(115,789)	–	–	(77,542)	(713,042)	–	–	–	(1,005,154)
Reversal	–	–	–	–	–	–	–	–	–	–	(277,987)	(277,987)
At 30 September 2021	–	3,625	868,187	44,797	3,674	166,850	458,793	237,080	2,047,376	–	198,089	4,028,471
Net carrying amount												
30 September 2021	1,238,000	1,446,375	113,403	258,158	259,762	2,098,403	774,224	400,256	1,053,801	53,626,575	663,284	61,932,241
31 March 2020	–	–	21,344	17,479	–	–	668,115	38,093	160,075	–	763,816	1,668,922

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

Company

	Motor vehicle RM	Computer RM	Renovation RM	Office equipment RM	Total RM
Cost					
At 1 April 2019	449,070	19,038	–	–	468,108
Additions	–	11,882	47,600	2,598	62,080
Disposal	(449,070)	–	–	–	(449,070)
Written off	–	–	(47,600)	–	(47,600)
At 31 March 2020	–	30,920	–	2,598	33,518
Additions	–	48,851	–	7,670	56,521
At 30 September 2021	–	79,771	–	10,268	90,039
Accumulated depreciation					
At 1 April 2019	449,069	10,457	–	–	459,526
Charge for the financial year	1	2,313	3,570	102	5,986
Disposal	(449,070)	–	–	–	(449,070)
Written off	–	–	(3,570)	–	(3,570)
At 31 March 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
Net carrying amount					
30 September 2021	–	53,674	–	8,775	62,449
31 March 2020	–	18,150	–	2,496	20,646

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

Group 30.9.2021	Carrying amount included in property, plant and equipment RM	Depreciation charged for the financial period RM	Additions RM
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

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

Information on right-of-use assets are as follows (cont'd):-

Group (cont'd) **31.3.2020**	**Carrying amount included in property, plant and equipment** **RM**	**Depreciation charged for the financial year** **RM**	**Additions** **RM**
Premises	763,816	110,821	835,180
Motor vehicles	51,750	73,241	–
Total right-of-use assets	815,566	184,062	835,180

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

5. INTANGIBLE ASSETS

Group

	Trademarks **RM**	**Customer lists and relationships** **RM**	**Website under development** **RM**	**Online platform** **RM**	**Total** **RM**
Cost					
At 1 April 2019	9,322,657	11,539,503	30,000	–	20,892,160
Written off	–	–	(30,000)	–	(30,000)
At 31 March 2020	9,322,657	11,539,503	–	–	20,862,160
Additions	–	–	–	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
Accumulated amortisation					
At 1 April 2019/ 31 March 2020	–	–	–	–	–
Amortisation for the financial period	–	–	–	1,250,000	1,250,000
At 30 September 2021	–	–	–	1,250,000	1,250,000

5. INTANGIBLE ASSETS (CONT'D)

Group (cont'd)

	Trademarks RM	Customer lists and relationships RM	Website under development RM	Online platform RM	Total RM
Accumulated impairment					
At 1 April 2019	5,322,657	10,539,503	–	–	15,862,160
Impairment for the financial year	4,000,000	1,000,000	–	–	5,000,000
At 31 March 2020/ 30 September 2021	9,322,657	11,539,503	–	–	20,862,160
Net carrying amount					
30 September 2021	–	–	–	13,750,000	13,750,000
31 March 2020	–	–	–	–	–

Trademarks, customer lists and relationships

The trademarks relate to "Superpages" directory journal and were acquired together with customer list and relationships in a business combination.

Website under development

Website under development refers to website portal under development for intended use in future. The amount of website under development is stated at cost and are not depreciated until it is completed and ready for its intended use.

Online platform

Online platform refers to the Johor state portion of the "Jengu platform" held by Neogenix Sdn. Bhd..

Impairment loss review

For the purpose of impairment testing, intangible assets have been allocated to cash generating units ("CGU") according to respective subsidiary companies' operations. The recoverable amounts of the CGU have been determined based on the value in use calculations using cash flows projections from financial budgets approved by management covering a five-year period. The details on the growth rate and discount rate are disclosed in Note 8 to the Financial Statements.

In the prior year, based on the assessment at the previous reporting date, the carrying amounts of the trademarks and customer relationships were determined to be higher than their recoverable amounts, and therefore an impairment loss of RM5,000,000 was recognised.

6. SUBSIDIARY COMPANIES

Company

	30.9.2021 RM	31.3.2020 RM
Unquoted shares:		
At cost	13,298,434	7,788,234
Less: Impairment loss		
At the beginning of financial period/year	(3,495,716)	(2,565,000)
Recognised	–	(930,716)
Reversal	272,490	–
At the end of financial period/year	(3,223,226)	(3,495,716)
	10,075,208	4,292,518

The particulars of subsidiary companies are as follows:-

Name of company	Principal place of business	Effective interest 30.9.2021 %	Effective interest 31.3.2020 %	Principal activities
Cyber Business Solutions Sdn. Bhd.	Malaysia	100	100	Provision of software solutions.
HS Bio Sdn. Bhd. (formerly known as HS Bio Supplies Sdn. Bhd.)	Malaysia	100	100	Development and provision of software applications.
HS Synergy Sdn. Bhd.	Malaysia	100	100	Investment holding.
CBSA Bizhub Sdn. Bhd.	Malaysia	100	100	Investment holding.
Hong Seng Capital Sdn. Bhd. (formerly known as Food Cheetah Sdn. Bhd.)	Malaysia	100	100	Investment holding and money lending.
HS Petchem Logistics Sdn. Bhd.	Malaysia	100	–	Inactive.
Hong Seng Industries Sdn. Bhd.	Malaysia	100	–	Manufacture of mixtures of synthetic rubber and natural rubber.
Hong Seng Gloves Sdn. Bhd.	Malaysia	100	–	Manufacturing and trading of gloves and masks.

6. SUBSIDIARY COMPANIES (CONT'D)

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

Name of company	Principal place of business	Effective interest 30.9.2021 %	Effective interest 31.3.2020 %	Principal activities
HS Freight & Forwarding Sdn. Bhd. **	Malaysia	100	–	Inactive.
CASD Solutions Sdn. Bhd. ^	Malaysia	100	100^	Inactive.
HC Global Limited *	Malaysia	100	100	Inactive.
Subsidiary companies of CBSA Bizhub Sdn. Bhd.:				
CBSA International Sdn. Bhd.	Malaysia	100	100	Investment holding.
PanPages Online Sdn. Bhd.	Malaysia	100	100	Research and development of local business platform, advertisement and online solutions.
Subsidiary company of PanPages Online Sdn. Bhd.:				
PanPages Media Sdn. Bhd.	Malaysia	100	100	Engaging in publishing business directory journals.
Subsidiary companies of HS Bio Sdn. Bhd. (formerly known as HS Bio Supplies Sdn. Bhd.):				
Pantasniaga Sdn. Bhd.	Malaysia	51	–	Wholesale of pharmaceutical and medical goods.
Neogenix Laboratoire Sdn. Bhd.	Malaysia	60	–	Medical diagnostic and research laboratory.
eMedAsia Sdn. Bhd.	Malaysia	52	–	Wholesales of pharmaceutical and medical goods.
Neogenix Sdn. Bhd. **	Malaysia	60	–	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services.
Subsidiary company of CASD Solutions Sdn. Bhd.:				
Aspire Knowledge Sdn. Bhd. @	Malaysia	80	–	Providing human resources and training services.

6. SUBSIDIARY COMPANIES (CONT'D)

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

Name of company	Principal place of business	Effective interest 30.9.2021 %	31.3.2020 %	Principal activities
Subsidiary company of Neogenix Laboratoire Sdn. Bhd.:				
Neogenix (Sabah) Sdn. Bhd.	Malaysia	90^^	–	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services.
Neogenix Evo Sdn. Bhd.	Malaysia	100	–	Retail sale of pharmaceutical, medical and orthopedics goods and medical laboratories.
Neogenix (Sarawak) Sdn. Bhd.**	Malaysia	51	–	Inactive.
Neogenix Food Science Sdn. Bhd.**	Malaysia	100	–	Inactive.

^ The subsidiary company was disposed by HS Synergy Sdn. Bhd. and acquired by Hong Seng Consolidated Berhad during the financial period.

In the prior year, HS Synergy Sdn. Bhd. held 100% equity interest.

* 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 herein is 30% equity interest held by Pantasniaga Sdn. Bhd..

** No statutory audit required as at the reporting date as the subsidiary companies were newly incorporated during the financial period. The Directors have consolidated the results of these subsidiary companies based on their management financial statements.

@ Grant Thornton Malaysia PLT are not the statutory auditors.

6. SUBSIDIARY COMPANIES (CONT'D)

(i) Acquisition of subsidiary companies

30.9.2021

(a) On 28 July 2020, the Company entered into a Share Sales Agreement ("SSA") with several vendors connected to certain Directors to acquire from the vendors, 2,000,000 ordinary shares in Hong Seng Priority Management Sdn. Bhd. (formerly known as IHP 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 Sdn. Bhd. (formerly known as HS Bio Supplies Sdn. Bhd.) ("HS Bio") entered into a Subscription Agreement ("SA") with a third party to acquire 2,500 ordinary shares representing 20% of the equity interest in eMedAsia Sdn. Bhd. ("eMed") 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 eMed for a total consideration of RM5,190,000 settled by way of issuance of 3,000,000 of the Company's shares;

(c) On 20 October 2020, HS Bio entered into a SSA with two third parties to acquire 51,000 ordinary shares representing 51% of the equity interest in Pantasniaga Sdn. Bhd. ("PSB") for a total cash consideration of RM51;

(d) On 31 December 2020, HS Bio entered into a SSA with a third party to acquire 120,000 ordinary shares representing 60% of the equity interest in Neogenix Laboratoire Sdn. Bhd. ("Neogenix Lab") for a total cash consideration of RM6,500,000. Neogenix Lab had a wholly-owned subsidiary company, Neogenix Evo Sdn. Bhd. ("Evo") on the acquisition date; and

(e) On 8 July 2021, a wholly-owned subsidiary company of the Company, CASD Solutions Sdn. Bhd. ("CASD") entered into a SSA with three third parties to acquire 80,000 ordinary shares representing 80% of the equity interest in Aspire Knowledge Sdn. Bhd. ("Aspire") for a total cash consideration of RM32,000.

6. SUBSIDIARY COMPANIES (CONT'D)

(i) Acquisition of subsidiary companies (cont'd)

30.9.2021 (cont'd)

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

	HSPM RM	eMed RM	PSB RM	Neogenix Lab and 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 considerations	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

6. SUBSIDIARY COMPANIES (CONT'D)

(i) Acquisition of subsidiary companies (cont'd)

30.9.2021 (cont'd)

Subsidiaries with material non-controlling interests

	eMed	PSB	Neogenix Lab	Neogenix Sdn Bhd	Aspire
Percentage of ownership interests held by non-controlling interests (%)	48%	49%	40%	40%	20%
Carrying amount of non-controlling interests (RM)	807,022	10,440,839	3,372,090	5,607,500	1,646,238
(Loss)/Profit allocated to non-controlling interests (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 subsidiaries that have material non-controlling interests is as below:-

	eMed RM	PSB RM	Neogenix Lab RM	Neogenix Sdn Bhd RM	Aspire RM
Summary of financial position as at 30 September 2021					
Non-current assets	14,326	6,231,803	3,714,081	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)	(7,699,498)	(1,524,246)	(4,421,134)
Net assets	1,681,295	21,307,833	8,430,226	14,018,750	8,231,191

6. SUBSIDIARY COMPANIES (CONT'D)

(i) Acquisition of subsidiary companies (cont'd)

30.9.2021 (cont'd)

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

	eMed RM	PSB RM	Neogenix Lab RM	Neogenix Sdn Bhd RM	Aspire RM
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
Included in the post-acquisition total comprehensive (loss)/income is:					
Revenue	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 operating activities	1,031,685	15,432,441	2,164,830	1,595,350	(21,818)
Net cash outflows from investing activities	(21,641)	(650,932)	(3,082,431)	(16,480,000)	–
Net cash inflows from financing activities	2,010,000	9,357,481	1,586,003	15,041,000	–
Net cash inflows/(outflows)	3,020,044	24,138,990	668,402	156,350	(21,818)

6. SUBSIDIARY COMPANIES (CONT'D)

(ii) Incorporation of new subsidiary companies and subscription of shares in subsidiary companies

30.9.2021

(a) On 27 August 2020, 4 September 2020 and 2 November 2020, the Company subscribed 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, Hong Seng Gloves Sdn. Bhd. ("HSGSB") with a paid-up capital of RM100. On 4 February 2021, the Company further subscribed 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, HS Petchem Logistics Sdn. Bhd. ("HPLSB") with a paid-up capital of RM100;

(d) On 2 December 2020, the Company incorporated a wholly-owned subsidiary company, Hong Seng Industries Sdn. Bhd. ("HSISB") with a paid-up capital of RM100. On 25 January 2021, the Company further subscribed 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 100% equity interest in CASD Solutions Sdn. Bhd. from its wholly-owned subsidiary company, HS Synergy Sdn. Bhd. for a total cash consideration of RM10,000;

(f) On 29 January 2021, Neogenix Lab incorporated a wholly-owned subsidiary company, Neogenix Sabah Sdn. Bhd. ("Neogenix Sabah") with a paid-up capital of RM100. On 25 March 2021 and 12 July 2021, Neogenix Lab further subscribed 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, Neogenix Sdn. Bhd. with a paid-up capital of RM100. On 20 May 2021, HS Bio further subscribed 8,999,000 ordinary shares representing 60% of the equity interest for a total cash consideration of RM8,999,000;

(h) On 19 May 2021, the Company incorporated a wholly-owned subsidiary company, HS Freight and Forwarding Sdn. Bhd. ("HFFSB") with a paid-up capital of RM100;

(i) On 16 July 2021, Neogenix Lab incorporated a subsidiary company, Neogenix Sarawak Sdn. Bhd. ("Sarawak") with Tancah Sdn. Bhd. and Isaac Siow Hee Chieh with a paid-up 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. ("Food Science") with a paid-up capital of RM1,000.

6. SUBSIDIARY COMPANIES (CONT'D)

(iii) Disposal of subsidiary companies

30.9.2021

On 24 September 2021, the Company entered into a SSA with a third party to dispose 100% of equity interest in HSPM comprising 2,000,000 ordinary shares for a total cash consideration of RM34,500,000. The disposal was completed on 30 September 2021.

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

31.3.2020

On 2 March 2020, the Group entered into a sale and purchase agreement with a third party to dispose the following:-

(a) CBSA Bizhub Sdn. Bhd.'s 1 ordinary share in PanPages Ltd. representing 100% of the issued and paid-up share capital of PanPages Ltd. together with PT PanPages, PanPages (Cambodia) Ltd. and Cam YP Co. Ltd. for a total cash consideration of RM1. PanPages Ltd. owned 99% of the issued and paid-up capital of PT PanPages Ltd. and 100% of the issued and paid-up capital of PanPages (Cambodia) Ltd.. PanPages (Cambodia) Ltd. owned 100% of the issued and paid-up capital of Cam YP Co. Ltd. at the date of disposal;

(b) CBSA International Sdn. Bhd.'s 28,899 ordinary shares in PT PanPages representing 1% of the issued and paid-up share capital of PT PanPages for a total cash consideration of RM1; and

6. SUBSIDIARY COMPANIES (CONT'D)

(iii) Disposal of subsidiary companies (cont'd)

31.3.2020 (cont'd)

On 2 March 2020, the Group entered into a sale and purchase agreement with a third party to dispose the following (cont'd):-

(c) CBSA Bizhub Sdn. Bhd.'s 100 ordinary shares in CBSA Pancommerce Sdn. Bhd. representing 100% of the issued and paid up share capital of CBSA Pancommerce Sdn. Bhd. for a total cash consideration of RM1.

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	43,505
Trade receivables	122,088
Other receivables	80,467
Cash and bank balances	115,558
Deferred taxation	16,370
Trade payables	(107,860)
Other payables	(5,537,145)
Contract liabilities	(162,915)
Net liabilities	(5,429,932)
Reversal of foreign currency translation reserve	644,312
Gain on disposal	4,785,623
Proceeds from disposal	3
Less: Cash and cash equivalents disposed	(115,558)
Net cash outflows from disposal	(115,555)

(iv) Amounts due from/to subsidiary companies

Company

	30.9.2021 RM	31.3.2020 RM
Amount due from subsidiary companies	164,639,578	31,235,518
Less: Impairment		
At beginning of financial period/year	(30,962,627)	(29,156,715)
Recognised	–	(1,805,912)
Reversal	144,882	–
At end of financial period/year	(30,817,745)	(30,962,627)
	133,821,833	272,891

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

7. JOINT VENTURE COMPANY

Group

Investment in a joint venture company

	30.9.2021 RM	31.3.2020 RM
Unquoted shares:		
At cost	50	–
Share of loss of joint venture company	(50)	–
	–	–

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

Name of company	Principal place of business	Effective interest 30.9.2021 %	Effective interest 31.3.2020 %	Principal activities
HS Ligno Sdn. Bhd.	Malaysia	50	–	Inactive.

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 repayable on demand.

8. GOODWILL ON CONSOLIDATION

Group

	30.9.2021 RM	31.3.2020 RM
At beginning of financial period/year	–	–
Additions	8,083,027	–
At end of financial period/year	8,083,027	–

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.

8. GOODWILL ON CONSOLIDATION (CONT'D)

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

	Growth rate		Discount rate	
	30.9.2021 %	31.3.2020 %	30.9.2021 %	31.3.2020 %
Healthcare	1 - 5	–	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 and intangible assets:-

(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.

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 and intangible assets to materially exceed their recoverable amounts.

9. OTHER INVESTMENTS

Group

	30.9.2021 RM	31.3.2020 RM
Current		
Financial assets at FVTPL:		
- Investment in quoted money market funds	13,584	31,849
Non-current		
Financial assets at FVOCI:		
- Investment in unquoted shares	9,519,943	9,432,787
Fair value of quoted investment (Level 1)	13,584	31,849
Fair value of unquoted investment (Level 3)	9,519,943	9,432,787

Company

	30.9.2021 RM	31.3.2020 RM
Non-current		
Financial assets at FVOCI:		
- Investment in unquoted shares	9,519,943	9,432,787
Fair value of unquoted investment (Level 3)	9,519,943	9,432,787

9. OTHER INVESTMENTS (CONT'D)

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

Valuation method and key inputs	Significant unobservable inputs	Relationships of unobservable inputs and fair value
Adjusted net asset method which derives the fair value of an investee's equity instruments 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 as FVOCI because the Group and the Company intend to hold the investment for long-term strategic purposes.

10. CONTRACT COSTS

Group

	30.9.2021 RM	31.3.2020 RM
Costs to fulfill:		
- printed directories	–	360,233
	–	360,233
Represented as:		
- current	–	286,081
- non-current	–	74,152
	–	360,233

11. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks of RM5,667,001 (31.3.2020: RM21,301) are pledged as security for bank guarantee facilities granted to certain subsidiary companies.

Fixed deposits with licensed banks of RM5,667,001 (31.3.2020: RM36,980) are not classified as cash and cash equivalents as they have maturity period of more than 3 months.

The effective interest rates for fixed deposits with licensed banks range from 1.5 % to 3.10% (31.3.2020: 2.70% to 3.50%) per annum.

Company

Fixed deposits are placed with licensed banks. The interest rates are 1.55% to 2.80% (31.3.2020: 2.70% to 3.50%) per annum with maturity dates of 1 to 12 months (31.3.2020: 1 to 12 months).

12. INVENTORIES

Group

	30.9.2021 RM	31.3.2020 RM
Laboratory instruments	2,545,960	–
Pharmaceutical and medical goods	887,046	–
Raw materials for gloves	5,567,080	–
	9,000,086	–

	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	13,209,015	–
Inventories written down	789,482	–

13. TRADE RECEIVABLES

Group

	30.9.2021 RM	31.3.2020 RM
Trade receivables	61,701,512	10,054,575
Less: Impairment loss		
At the beginning of financial period/year	(9,252,613)	(12,970,160)
Recognised	(428,528)	(1,936,606)
Reversal	1,171,461	2,133,953
Written off	–	3,520,200
At the end of financial period/year	(8,509,680)	(9,252,613)
	53,191,832	801,962

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.3.2020: 30 to 60 days) 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 period as a result of credit notes issued and receipts.

Included in trade receivables is an amount of RM18,896 (31.3.2020: Nil) amount due from a company in which a Director of holding company has interest.

Included in trade receivables are loan receivables of RM27,526,735 (31.3.2020: Nil) arising from the moneylending business of the Group.

14. OTHER RECEIVABLES

Group

	30.9.2021 RM	31.3.2020 RM
Deposits	11,829,958	182,903
Prepayments	5,571,119	50,862
Non-trade receivables	5,409,767	48,965
GST receivable	–	73,860
	22,810,844	356,590

Included in deposits are amounts of RM390,000 (31.3.2020: Nil) and RM11,173,140 (31.3.2020: Nil) paid to companies in which a Director has interest in and paid for the sublease of industrial land located in Kedah respectively. Included in non-trade receivables are amounts of RM5,004,328 and RM45,021 (31.3.2020: Nil and Nil) due from a company in which a Director and past director have interests respectively.

Company

	30.9.2021 RM	31.3.2020 RM
Deposits	1,850	21,850
Prepayments	14,000	20,735
Non-trade receivables	5,036,415	–
GST receivable	–	31,003
	5,052,265	73,588

Included in non-trade receivables is an amount of RM5,004,328 (31.3.2020: Nil) due from a company in which a Director has interest.

15. SHARE CAPITAL

Group and Company

	Number of ordinary shares		Amount	
	30.9.2021 Unit	31.3.2020 Unit	30.9.2021 RM	31.3.2020 RM
Issued and fully paid:				
At beginning of financial period/year	318,582,822	265,485,685	46,146,632	32,872,348
Issuance of new shares	–	53,097,137	–	13,274,284
Conversion of irredeemable convertible preference shares	898,034,600	–	159,064,350	–
Exercise of warrants	191,305,020	–	40,004,415	–
Exercise of ESOS	600,000	–	210,000	–
Acquisition of a subsidiary company	3,000,000	–	5,190,000	–
Share Split (Note 34)	1,140,914,742	–	–	–
At end of financial period/year	2,552,437,184	318,582,822	250,615,397	46,146,632

16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Group and Company

	Number of shares		Amount	
	30.9.2021 Unit	**31.3.2020 Unit**	**30.9.2021 RM**	**31.3.2020 RM**
Issued and fully paid:				
At beginning of financial period/year	796,457,055	–	39,822,853	–
Issuance of new shares	–	796,457,055	–	39,822,853
Conversion of irredeemable convertible preference shares	(898,034,600)	–	(39,766,088)	–
Share Split (Note 34)	103,848,155	–	–	–
At end of financial period/year	2,270,610	796,457,055	56,765	39,822,853

The salient terms of the ICPS are as follows:-

(a) The subscription price is RM0.025 (RM0.05 before the Share Split) 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 RM0.10 (RM0.20 before the Share Split) 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 RM0.075 (RM0.15 before the Share Split) 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.

(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

	30.9.2021 RM	31.3.2020 RM
Current	304,143	195,376
Non-current	592,867	663,584
	897,010	858,960

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

	30.9.2021 RM	31.3.2020 RM
At beginning of financial period/year	858,960	189,037
Acquisition of subsidiaries	294,780	–
Additions	738,410	835,180
Lease interest	85,352	43,214
Payment for interest	(85,352)	(43,214)
Rental rebates	(96,500)	–
Reversal	(631,411)	–
Lease payments/cash outflows	(267,229)	(165,257)
At end of financial period/year	897,010	858,960

17. LEASE LIABILITIES (CONT'D)

Group (cont'd)

The lease liabilities are secured by the related underlying assets.

The table below describes the nature of the Group's leasing activity by type of right-of-use asset 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
30.9.2021				
Motor vehicles	1 – 6 years	–	–	–
Premises	1 – 4 years	13	–	–
31.3.2020				
Motor vehicles	1 – 2 years	–	–	–
Premises	1 – 7 years	2	–	–

The maturity analysis of lease liabilities is disclosed in Note 31 to the Financial Statements.

The Group's effective interest rates range from 2.75% to 7.65% (31.3.2020: 2.75% to 7.65%) per annum.

18. DEFERRED TAX LIABILITIES

Group

	30.9.2021 RM	31.3.2020 RM
At beginning of financial period/year	–	–
Acquisition of subsidiary companies	32,702	–
Transfer to profit or loss (Note 26)	(471)	–
At end of financial period/year	32,231	–

The deferred tax liabilities represent the temporary difference arising from property, plant and equipment.

19. CONTRACT LIABILITIES

Group

	30.9.2021 RM	31.3.2020 RM
Contract liabilities for:		
- printed directories	–	771,345
Represented as:		
- current	–	565,916
- non-current	–	205,429
	–	771,345

20. TRADE PAYABLES

Group

Trade payables are non-interest bearing and are generally on 30 to 60 days (31.3.2020: 30 to 60 days) term.

Included in trade payables are RM2,912,919 and RM1,503,835 (31.3.2020: RM220,650 and Nil) due to companies connected to former Directors of subsidiaries and a company connected to a Director of the company.

21. OTHER PAYABLES

Group

	30.9.2021 RM	31.3.2020 RM
Accrual of expenses	3,947,552	278,692
Non-trade payables	9,282,615	695,662
Deposit received	–	33,450
Service tax payable	38,583	64,789
	13,268,750	1,072,593

Included in non-trade payables are RM731,917 and RM40,900 (31.3.2020: RM246,642 and Nil) due to certain directors of certain subsidiary companies and certain shareholders of certain subsidiary companies. The balance is unsecured, interest free and no scheme of repayment has been arranged.

Company

	30.9.2021 RM	31.3.2020 RM
Accrual of expenses	83,588	55,931
Non-trade payables	181,474	88,496
	265,062	144,427

22. BANK BORROWINGS

Group

	30.9.2021 RM	31.3.2020 RM
Current		
Bank overdraft	302,483	1,090,295
Promissory notes	11,965,000	–
Bankers' acceptances	3,035,000	–
	15,302,483	1,090,295

The bank borrowings bear interest ranging from 3.77% to 7.70% (31.3.2020: 8.35%) per annum.

The bank borrowings are 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 guarantees by the Company and a subsidiary company.

23. REVENUE

23.1 Disaggregated revenue information

	Group	
	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Type of revenue		
Printed directories	1,591,778	1,703,613
Internet directories and third party online advertising services	134,116	2,701,549
Trading of raw materials	1,599,517	–
Software solutions and maintenance	–	24,144
Training and seminars	12,483,522	–
Marketplace, medical diagnostic laboratory services and sales of pharmaceutical and medical goods ("Healthcare")	128,069,525	–
Management fees	25,000	–
	143,903,458	4,429,306
Loan interest income	3,065,352	–
	146,968,810	4,429,306

23. REVENUE (CONT'D)

23.1 Disaggregated revenue information (cont'd)

	Group	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**
Timing of revenue recognition		
Performance obligations satisfied at a point in time	142,311,680	2,701,549
Performance obligations satisfied over time	1,591,778	1,727,757
	143,903,458	4,429,306

Revenue by geographical location is disclosed in Note 30 to the Financial Statements.

23.2 Contract balances

Contract liabilities decreased in current financial period as all services were performed in current financial period.

Revenue of RM746,222 (31.3.2020: RM852,083) was recognised during the financial period/year that was in the contract liabilities at the beginning of the financial period/year.

23.3 Performance obligations

For printed directories, the performance obligations are satisfied over time. For internet directories and third party online advertising services, trading of raw materials, software solutions and maintenance, training and seminars, Healthcare and management fees, the performance obligations are satisfied at a point in time.

The payment terms for billings made are disclosed in Note 13 to the Financial Statements.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the reporting date is as follows:-

	Group	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**
Printed directories	–	771,345

The remaining performance obligations in prior year were expected to be recognised within 1 to 3 years which are in accordance with the agreed time frames stated in the contracts signed with customers.

24. OTHER INCOME

Group and Company

Included in other income is gain on disposal of subsidiary companies of the Group and of the Company of RM33,642,457 and RM34,079,379 (31.3.2020: RM4,785,623 and Nil) respectively.

25. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Auditors' remuneration				
- statutory audit	186,000	89,000	45,000	37,000
- others	65,000	5,000	65,000	5,000
Realised loss/(gain) on foreign exchange	942	(8,068)	–	–
Short term leases	72,719	567,616	–	138,624
Leases of low-value assets	10,290	520	10,290	520

26. TAX EXPENSE/(INCOME)

	Group		Company	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Current year				
- Current tax	11,018,664	–	35,387	–
- Deferred tax	(471)	–	–	–
(Over)/Under provision in prior years				
- Current tax	(39,880)	(23,449)	–	1,816
	10,978,313	(23,449)	35,387	1,816

Malaysian income tax is calculated at the statutory tax rate of 24% (31.3.2020: 24%) of the estimated taxable profits for the financial period/year.

26. TAX EXPENSE/(INCOME) (CONT'D)

Reconciliation of tax expense/(income) applicable to profit/(loss) 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	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Profit/(Loss) before tax	69,848,425	(7,457,776)	31,723,391	(3,738,704)
At Malaysian statutory tax rate of 24% (31.3.2020: 24%)	16,763,622	(1,789,866)	7,613,614	(897,289)
Adjustments:				
- Expenses not deductible for tax purposes	709,609	1,166,294	669,222	897,496
- Income not subject to tax	(6,747,038)	(700,028)	(8,244,449)	(207)
- Movement in deferred tax assets not recognised	292,000	1,323,600	(3,000)	–
- (Over)/Under provision in prior years	(39,880)	(23,449)	–	1,816
	10,978,313	(23,449)	35,387	1,816

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Property, plant and equipment	(47,000)	(37,000)	(19,000)	(6,000)
Unabsorbed tax losses	19,486,000	18,248,000	–	–
Unutilised capital allowances	303,000	316,000	–	–
	19,742,000	18,527,000	(19,000)	(6,000)

26. TAX EXPENSE/(INCOME) (CONT'D)

The potential deferred tax assets of the Group 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 can utilise those benefits in near future.

The unabsorbed tax losses and unutilised capital allowances of the Group can be carried forward to offset against future taxable profit of the Group. Pursuant to Section 44 (5F) of the Income Tax Act 1967, the unabsorbed tax losses can only be carried forward until the year of assessment 2028.

The expiry of the unabsorbed tax losses is as follows:-

	Group	
	30.9.2021 RM	**31.3.2020 RM**
Year of assessment 2025	867,000	5,283,000
Year of assessment 2026	12,001,000	8,638,000
Year of assessment 2027	4,177,000	4,215,000
Year of assessment 2028	2,441,000	112,000
	19,486,000	18,248,000

27. EARNINGS/(LOSSES) PER SHARE

Group

Basic earnings/(losses) per ordinary share

Basic earnings/(losses) per ordinary share are calculated by dividing net profit/(loss) for the financial period/year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**
Proft/(Loss) attributable to ordinary equity holders of the Company	46,365,803	(7,434,327)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares in issue	1,425,416,491	291,889,179
Basic earnings/(losses) per ordinary share (sen)	3.25	(2.55)

27. EARNINGS/(LOSSES) PER SHARE (CONT'D)

Group (cont'd)

Diluted earnings/(losses) per ordinary share

The calculation of diluted earnings per share is calculated by dividing the profit attributable to owners of the Company to the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares as follows:-

	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Profit attributable to owners of the Company	46,365,803	*
Weighted average number of ordinary shares as above (unit)	1,425,416,491	*
Weighted average effects of outstanding warrants (unit)	217,964,997	*
Weighted average effects of outstanding ICPS (unit)	908,368,148	*
Weighted average number of ordinary shares assumed to be in issue at 30 September (unit)	2,551,749,636	*
Diluted earnings per share (sen)	1.82	*

* In the prior year, diluted losses per ordinary share was not applicable for the financial year as the unexercised share options, warrants and ICPS were anti-dilutive in nature, this was due to the average market share price of the Company being below the exercise price of share options and warrants.

28. EMPLOYEE BENEFITS EXPENSE

The details of Directors' remuneration of the Group and of the Company are as follows:-

	Group		Company	
	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Directors' remuneration				
Executive Directors:				
Directors of the Company				
Salaries and other emoluments	238,000	180,000	238,000	180,000
Defined contribution plan	17,475	18,000	17,475	18,000
Social security contributions	1,732	1,946	1,732	1,946
	257,207	199,946	257,207	199,946

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

The details of Directors' remuneration of the Group and of the Company are as follows (cont'd):-

	Group		Company	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Directors of subsidiary companies				
Salaries and other emoluments	1,602,506	204,000	–	–
Defined contribution plan	103,930	101,736	–	–
	1,706,436	305,736	–	–
Total Executive Directors' remuneration	1,963,643	505,682	257,207	199,946
Non-executive Directors:				
Fee	309,581	157,500	244,581	157,500
Total Directors' remuneration	2,273,224	663,182	501,788	357,446
Employee remuneration				
Salaries, allowances and bonuses	4,279,274	1,293,826	241,169	302,038
Defined contribution plans	526,132	205,130	27,867	36,466
Social security contributions	56,393	19,257	1,519	2,504
Reversal of share-based payment under ESOS	–	(1,408)	–	(1,408)
Other staff related expenses	1,154,913	466,700	136,205	111,536
	6,016,712	1,983,505	406,760	451,136
Total staff costs incurred during the financial period/year	8,289,936	2,646,687	908,548	808,582
Add: Staff costs charged out from contract costs	360,233	96,940	–	–
	8,650,169	2,743,627	908,548	808,582

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Employee share option scheme ("ESOS")

On 23 May 2011, Bursa Malaysia Securities Berhad approved the Company's new ESOS. The ESOS had an initial tenure of five (5) years from the date of the launch or implementation of the scheme which shall expire on 3 July 2016. On 1 July 2016, the Company extended the ESOS for another five (5) years until 3 July 2021 in accordance with the terms of the ESOS By-Laws.

The main features of the ESOS are as follows:-

(i) an eligible person for the ESOS is (i) an employee whose employment has been confirmed in writing; or (ii) an employee who have served the Group for a continuous period of at least 12 full months where he or she is employed by the Group on a contract basis; or (iii) a Director who is duly elected as a member of the Board of Directors of the companies within the Group;

(ii) the aggregate number of shares to be offered shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any point of time during the existence of the ESOS;

(iii) not more than 50% of the ESOS shares shall be allocated, in aggregate to the Directors and senior management of the Group; not more than 10% of the ESOS share shall be allocated to any eligible person who either singly or collectively, through persons connected to him/her, holds 20% or more in the issued and paid-up capital (excluding treasury shares) of the Company;

(iv) the option price for the new shares under the ESOS shall be the higher of (i) the weighted average market price of the shares for the 5 market days immediately preceding the date of offer, subject to a discount of not more than 10%; or (ii) the par value of the shares;

(v) the ESOS shall be in force for a period of five (5) years from the effective date for the implementation of the ESOS and renewable for a further five (5) years (subject to the approval of the Board); and

(vi) the option granted to an employee under the ESOS is exercisable only during his/her employment with the Group and within the exercisable period. The option granted is non assignable or transferable.

A summary of the movements in the number of ESOS and the weighted average exercise prices ("WAEP") is as follows:-

	30.9.2021		31.3.2020	
	Number of share options	WAEP RM	Number of share options	WAEP RM
At beginning of financial period/year	674,000	0.350	684,200	0.35
Exercised	(600,000)	0.350	–	–
Retracted*	(45,000)	0.350	(10,200)	0.35
Share split	29,000	0.175	–	–
Lapsed	(58,000)	0.175	–	–
At end of financial period/year	–	–	674,000	0.35

* Due to resignations

In prior year, the options outstanding had an exercise price of RM0.35 and a weighted average contractual life of 1.3 years.

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Employee share option scheme ("ESOS") (cont'd)

The fair value of scheme options granted was estimated using a Binomial Model, taking into account the terms and conditions upon which the options were granted. The fair values of share options measured at various grant dates and the assumptions are as follows:-

Fair values of share option (RM)	0.05 – 0.14
Weighted average share price (RM)	0.355
Weighted average exercise price (RM)	0.35
Expected volatility (%)	37.8%
Risk free rate (%)	3.57%

29. RELATED PARTY DISCLOSURES

29.1 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	
	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**	**1.4.2020 to 30.9.2021 RM**	**1.4.2019 to 31.3.2020 RM**
Acquisition of a subsidiary company from vendors connected to certain Directors of the Company	420,621	–	420,621	–
Rental paid to a company in which a Director of a subsidiary company has interest	92,000	258,000	–	–
Cost charged by a company in which a former Director of a subsidiary company has interest	189,806	261,579	–	–
Courier charges charged by a company in which a Director have interest	1,503,603	–	–	–
Deposit paid to a Company in which a Director has interest	390,000	–	–	–
Sales to a company in which a Director has interest	18,896	–	–	–
Sales to a company in which a former Director of a subsidiary company has interest	123,781	–	–	–
Purchases from a company in which a former Director have interest	5,637,213	–	–	–

29. RELATED PARTY DISCLOSURES (CONT'D)

29.1 Related party transactions (cont'd)

In prior year, the Company disposed a motor vehicle to its subsidiary company at zero proceeds.

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.

29.2 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 28 to the Financial Statements.

29.3 Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6, 7, 13, 14, 20 and 21 to the Financial Statements.

30. OPERATING SEGMENTS

Business segments

Group

For the management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

i)	Healthcare	:	Marketplace, medical diagnostic and research laboratory and wholesale of pharmaceutical and medical goods
ii)	Financial services	:	Moneylending
iii)	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
iv)	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 its 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.

30. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

Group (cont'd)

30.9.2021

	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	35,644,022	–	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

30. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

Group (cont'd)

31.3.2020

	Note	Information technology RM	Search and advertising RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
Revenue:						
External revenue	(i)	24,144	4,405,162	–	–	4,429,306
Results:						
Interest income		1,017	2,199	630,972	–	634,188
Finance costs		–	(158,686)	(3,006)	–	(161,692)
Depreciation		(34,328)	(304,927)	(86,869)	–	(426,124)
Tax income/(expense)		–	25,265	(1,816)	–	23,449
Other non-cash items	(ii)	28,331	(5,177,689)	(554,026)	–	(5,703,384)
Segment loss	(iii)	(96,637)	(5,340,341)	(3,722,231)	1,724,882	(7,434,327)
Assets:						
Additions to non-current assets other than financial instruments	(iv)	400,000	985,206	1,139,699	–	2,524,905
Segment assets	(v)	7,109,462	2,358,479	67,955,765	(11,897,972)	65,525,734
Liabilities:						
Segment liabilities	(vi)	819,720	41,237,707	188,226	(38,047,581)	4,198,072

30. 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:-

	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Bad debts written off	(61,323)	(5,074,217)
Gain from bargain purchases arising from acquisitions of subsidiary companies	2,440,146	–
Gain on derecognition of lease contract	34,761	–
Gain on disposal of subsidiary companies	33,642,457	4,785,623
Impairment loss on intangible assets	–	(5,000,000)
Impairment loss on trade receivables	(428,528)	(1,936,606)
Intangible assets written off	(10,000)	(30,000)
Inventories written down	(789,482)	–
Loss on remeasurement	(1,603,701)	–
(Loss)/Gain on disposal of property, plant and equipment	(67,486)	151,150
Property, plant and equipment written off	(13,620)	(734,670)
Rental rebates	96,500	–
Reversal of impairment loss on trade receivables	1,171,461	2,133,953
Reversal of share-based payment under ESOS	6,022	1,408
Unrealised loss on foreign exchange	–	(25)
Waiver of debts	30,392	–
	34,447,599	(5,703,384)

30. 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 loss to arrive at "profit/(loss) for the financial period/year" presented in the consolidated statement of profit or loss and other comprehensive income:-

	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**
Impairment loss on inter-segment balances	6,586,443	1,794,230
Impairment loss on investment in subsidiary companies	3,223,226	–
Reversal of impairment loss on inter-segment balances	(398,000)	(69,348)
Reversal of impairment loss on investment in subsidiary companies	(3,495,716)	–
	5,915,953	1,724,882

(iv) Additions to non-current assets consist of:-

	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**
Property, plant and equipment	61,388,943	2,524,905
Intangible assets	15,000,000	–
Goodwill on consolidation	8,083,027	–
	84,471,970	2,524,905

(v) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	1.4.2020 to 30.9.2021 RM	**1.4.2019 to 31.3.2020 RM**
Inter-segment investment in subsidiary companies	(6,607,002)	(5,066,135)
Inter-segment balances	(69,566,354)	(6,831,837)
	(76,173,356)	(11,897,972)

30. 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):-

(vi) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM
Inter-segment balances	(106,958,859)	(38,047,581)

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	
	1.4.2020 to 30.9.2021 RM	1.4.2019 to 31.3.2020 RM	30.9.2021 RM	31.3.2020 RM
Malaysia	146,968,810	3,597,078	83,765,268	1,743,074
Cambodia	–	832,228	–	–
	146,968,810	4,429,306	83,765,268	1,743,074

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:-

	30.9.2021 RM	31.3.2020 RM
Property, plant and equipment	61,932,241	1,668,922
Intangible assets	13,750,000	–
Contract costs	–	74,152
Goodwill on consolidation	8,083,027	–
	83,765,268	1,743,074

Information about a major customer

Revenue from 1 major customer amounted to RM105,104,040 arising from the healthcare segment. In prior year, revenue from 1 major customer amounted to RM1,629,126 arising from the search and advertising segment.

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial assets categorised as follows:-

	Amortised cost RM	FVOCI RM	FVTPL RM
Group			
30.9.2021			
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
31.3.2020			
Financial assets			
Other investments	–	9,432,787	31,849
Trade receivables	801,962	–	–
Other receivables	231,868	–	–
Fixed deposits with licensed banks	30,282,500	–	–
Cash and bank balances	22,581,715	–	–
	53,898,045	9,432,787	31,849
Company			
30.9.2021			
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	–

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 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)			
31.3.2020			
Financial assets			
Other investments	–	9,432,787	–
Other receivables	21,850	–	–
Amount due from subsidiary companies	272,891	–	–
Fixed deposits with licensed banks	30,224,219	–	–
Cash and bank balances	22,285,998	–	–
	52,804,958	9,432,787	–

At the reporting date and all period/year presented, the Group and the Company carry only financial liabilities measured at amortised cost on their statements of financial position.

31.2 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.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 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)

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.

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 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:-

Group

	Expected credit loss rate %	Total gross carrying amount RM	Expected credit loss RM
30.9.2021			
Not past due	–	41,116,478	–
Past due 1 to 30 days	–	7,614,991	–
Past due 31 to 60 days	–	1,139,720	–
Past due 61 to 90 days	–	694,259	–
Past due more than 90 days	5.79	2,787,802	161,418
Credit impaired	100	8,348,262	8,348,262
		61,701,512	8,509,680

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 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):-

i. Receivables (cont'd)

The following table provides information about the exposure to credit risk on trade receivables as at the reporting date (cont'd):-

Group (cont'd)

	Expected credit loss rate %	**Total gross carrying amount RM**	**Expected credit loss RM**
31.3.2020			
Not past due	3.27	53,295	1,742
Past due 1 to 30 days	4.18	212,897	8,889
Past due 31 to 60 days	5.88	3,180	187
Past due 61 to 90 days	7.13	26,027	1,855
Past due more than 90 days	12.66	594,484	75,248
Credit impaired	100	9,164,692	9,164,692
		10,054,575	9,252,613

Trade receivables that are individually determined to be credit impaired at the financial period/ year 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.

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.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 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):-

iii. Financial guarantees

The maximum exposure to credit risk by the Company amounted to RM15,302,483 (31.3.2020: RM1,090,295), 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 and a joint venture 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 is recoverable.

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.

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.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 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)

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					
30.9.2021					
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	13,230,167	13,230,167	13,230,167	–	–
	36,192,717	36,192,717	36,192,717	–	–
Total	37,089,727	37,187,958	36,537,646	650,312	–
31.3.2020					
Secured:					
Lease liabilities	858,960	998,544	237,299	581,245	180,000
Unsecured:					
Bank borrowings	1,090,295	1,090,295	1,090,295	–	–
Trade payables	404,668	404,668	404,668	–	–
Other payables	1,007,804	1,007,804	1,007,804	–	–
	2,502,767	2,502,767	2,502,767	–	–
Total	3,361,727	3,501,311	2,740,066	581,245	180,000

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 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 RM15,302,483 (31.3.2020: RM1,090,295).

(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:-

Group	**30.9.2021 RM**	**31.3.2020 RM**
Fixed rate instruments		
Fixed deposits with licensed banks	15,905,220	30,282,500
Bank borrowings	(15,000,000)	–
Lease liabilities	(897,010)	(858,960)
	8,210	29,423,540
Floating rate instrument		
Bank borrowings	(302,483)	(1,090,295)
Company		
Fixed rate instruments		
Fixed deposits with licensed banks	10,000,000	30,224,219

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial risk management (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 Group's and the Company's exposure to changes in cash flows due to interest rate risk is minimal as at the reporting date.

31.3 Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and bank borrowings approximate their fair value 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.

The fair value of financial assets at FVTPL and FVOCI are detailed as below:-

Fair value hierarchy

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).

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 Fair value of financial instruments (cont'd)

Fair value hierarchy (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
30.9.2021				
Investments in quoted money market funds - FVTPL	13,584	–	–	13,584
Investment in unquoted shares - FVOCI	–	–	9,519,943	9,519,943
31.3.2020				
Investments in quoted money market funds - FVTPL	31,849	–	–	31,849
Investment in unquoted shares - FVOCI	–	–	9,432,787	9,432,787
Company				
30.9.2021				
Investment in unquoted equities - FVOCI	–	–	9,519,943	9,519,943
31.3.2020				
Investment in unquoted equities - FVOCI	–	–	9,432,787	9,432,787

There were no transfers between fair value hierarchies during the financial period/year.

32. CAPITAL COMMITMENT

Group

	30.9.2021 RM
Approved and contracted for:	
- Purchase of property, plant and equipment	39,940,570

33. 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 period/year.

34. SIGNIFICANT AND SUBSEQUENT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

(i) On 16 June 2021, the Company completed a share split exercise and issued 1,140,914,742 ordinary shares, 103,848,155 ICPS and 33,168,391 Warrants A pursuant to the share split exercise ("Share Split");

(ii) On 25 June 2021, HSISB had entered into a sublease agreement with Northern Corridor Implementation Authority ("NCIA"). The sublease agreement was entered in respect of a sublease of an industrial land located in Kedah for 60 years for a total consideration of RM44,692,560. As at the reporting date, only a deposit of RM11,173,140 was paid to NCIA;

(iii) On 1 October 2021, HS Bio entered into a SSA with three third parties in relation to a proposed acquisition of a 51% equity interest in RZAC Immunesafe Sdn. Bhd. ("RZAC") for a total 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 transaction was completed on 30 November 2021;

(iv) On 7 October 2021, HS Bio incorporated a wholly-owned subsidiary company, HS Cloud Lab Sdn. Bhd. with a paid-up capital of RM100;

(v) On 8 October 2021, HS Bio entered into a Heads of Agreement with a third party in relation to a proposed acquisition of a 51% equity interest in Pow Pocket Sdn. Bhd. ("Pow Pocket") for a total consideration of RM200,000,001 to be satisfied via a combination of cash payment of RM1 and issuance of HS Bio's shares equivalent to RM200,000,000. The transaction has not been completed as of the date of approval of the financial statements;

(vi) 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;

(vii) On 29 October 2021, HSGSB entered into a SSA with a third party for the proposed acquisition of the entire equity interest in Hypercove Sdn. Bhd. comprising 100,000 ordinary shares for a total cash consideration of RM2,200,000. The transaction was completed on 3 November 2021;

(viii) On 30 November 2021, HFFSB issued 99,900 units of new ordinary shares at an issue price of RM1.00 per ordinary share for a total cash consideration of RM99,900. The Company subscribed for 48,900 units of these new ordinary shares. Consequently, the Company's equity interest in HFFSB reduced to 49%;

34. SIGNIFICANT AND SUBSEQUENT EVENTS DURING AND AFTER THE FINANCIAL PERIOD (CONT'D)

(ix) On 8 December 2021, CASD Solutions Sdn. Bhd. entered into a SSA with a third party to dispose 80% equity interest in Aspire Knowledge Sdn. Bhd. comprising 80,000 ordinary shares for a total cash consideration of RM8,000,000. The transaction was completed on 21 December 2021;

(x) 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 not been completed as of the date of approval of the financial statements;

(xi) On 24 December 2021, the Company entered into a SSA with a third party to dispose 75% equity interest in Cyber Business Solutions Sdn. Bhd. comprising 2,417,420 ordinary shares for a total cash consideration of RM100. The transaction was completed on 30 December 2021;

(xii) On 24 December 2021, CBSA Bizhub Sdn. Bhd. entered into a SSA with a third party to dispose 75% equity interest in Panpages Online Sdn. Bhd. comprising 750,000 ordinary shares, together with its subsidiary company, Panpages Media Sdn. Bhd. for a total cash consideration of RM9,500,000. Panpages Online owned 100% of the issued and paid-up capital of Panpages Media Sdn. Bhd. at the date of disposal. The transaction was completed on 30 December 2021;

(xiii) On 3 January 2022, HS Bio entered into a SSA with Kuan Chee Sian and Joveen Neoh Wan Fen for the proposed acquisition of the remaining 40% of equity interest in Neogenix Lab comprising 80,000 ordinary shares for a total cash consideration of RM3,400,000. The transaction was completed on 4 January 2022;

(xiv) On 12 January 2022, the Company incorporated a wholly-owned subsidiary company, HS Bio Holdings Sdn. Bhd. with a paid-up capital of RM2,100,000; and

(xv) The World Health Organisation declared the 2019 Novel Coronavirus Disease ("COVID-19") outbreak as a pandemic on 11 March 2020. The Government of Malaysia imposed a Movement Control Order ("MCO") on 18 March 2020 and subsequently imposed various phases of the MCO and total lockdowns with recovery phases.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements of the Group and of the Company for the financial period ended 30 September 2021.

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

35. COMPARATIVE INFORMATION

The comparative information is from 1 April 2019 to 31 March 2020. 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 30.9.2021 (RM'000)
1	Plot 1620, Jalan Perusahaan 3 Taman Sejati Indah 08000 Sungai Petani Kedah Darul Aman	Freehold	Hostel	*15.11.2021	Land area 11,888 sq. ft.	22	1,392
2	Plot 1622, Jalan Perusahaan 3 Taman Sejati Indah 08000 Sungai Petani Kedah Darul Aman	Freehold	Hostel	*15.11.2021	Land area 12,000 sq. ft.	22	1,292

ANALYSIS OF **SHAREHOLDINGS**
as at 31 December 2021

Issued Shares	:	2,553,624,584 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	58	2.22	1,056	0.00
100 - 1000	691	26.51	429,777	0.02
1,001 - 10,000	1,118	42.88	5,152,455	0.20
10,000 - 100,000	458	17.57	15,465,787	0.61
100,001 to less than 5% of the issued shares	276	10.59	1,465,977,609	57.40
5% and above the issued shares	6	0.23	1,066,597,900	41.77
Total	**2,607**	**100.00**	**2,553,624,584**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders' Shareholdings as at 31 December 2021)

Name of Shareholders	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
Hong Seng Frontier Sdn. Bhd.	163,516,400	6.40	–	–
Dato' Seri Teoh Hai Hin	188,500,000	7.38	163,516,400*	6.40*
Radiance Dynasty Sdn. Bhd.	292,361,800	11.45	–	–
Lester Chin Kent Lake	–	–	292,361,800**	11.45**
Aurora Crest Sdn. Bhd.	200,000,000	7.83	–	–
Christopher Chan Hooi Guan	–	–	206,000,000***	8.07***

* Deemed interested by virtue of his interest in Hong Seng Frontier Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

** Deemed interested by virtue of his interests in Radiance Dynasty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

*** Deemed interested by virtue of his interest in Aurora Crest Sdn. Bhd. and Open Dynamics Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(As per the Register of Directors' Shareholdings as at 31 December 2021)

Name of Directors	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
Dato' Seri Teoh Hai Hin	188,500,000	7.38	163,516,400*	6.40*
Lester Chin Kent Lake	–	–	294,423,800**	11.53**
Christopher Chan Hooi Guan	–	–	206,000,000***	8.07***
Kenny Khow Chuan Wah	10,324,200	0.40	–	–

* Deemed interested by virtue of his interest in Hong Seng Frontier Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
** Deemed interested by virtue of his father's interest and his interests in Radiance Dynasty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
*** Deemed interested by virtue of his interest 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 of Shareholders	No. of Shares Held	%
1.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	298,216,100	11.68
2.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Aurora Crest Sdn. Bhd.	200,000,000	7.83
3.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Radiance Dynasty Sdn. Bhd.	150,000,000	5.87
4.	Valhalla Capital Sdn. Bhd. Pledged Securities Account For Radiance Dynasty Sdn. Bhd.	142,361,800	5.57
5.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Teoh Hai Hin	139,500,000	5.46
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An For Kenanga Investors Bhd	136,520,000	5.35
7.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	121,689,400	4.77
8.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Hong Seng Frontier Sdn. Bhd.	108,016,400	4.23
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Chong Swee	87,293,400	3.42
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Master Knowledge Sdn. Bhd.	80,050,400	3.13
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For MMAG Holdings Berhad	74,030,000	2.90
12.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Robust Potential Sdn. Bhd.	70,035,800	2.74
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kon Tek Yoong	53,282,400	2.09
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Hong Seng Frontier Sdn. Bhd. (My4361)	49,500,000	1.94

30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares Held	%
15.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Teoh Hai Hin	49,000,000	1.92
16.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Twinstar Century Sdn. Bhd.	43,533,400	1.70
17.	HSBC Nominees (Tempatan) Sdn. Bhd. Exempt An For BNP Paribas Singapore Branch (Local)	40,540,000	1.59
18.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Loh Lee Yin	34,367,800	1.35
19.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Newfront Ventures Sdn. Bhd.	31,846,900	1.25
20.	Valhalla Capital Sdn. Bhd. Pledged Securities Account For Twinstar Century Sdn. Bhd.	28,855,400	1.13
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chan Swee Ying (My2512)	26,680,000	1.04
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Master Knowledge Sdn. Bhd. (Third Party)	24,000,000	0.94
23.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Wen Xin (Rc)	20,000,000	0.78
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kon Tek Yoong	19,723,400	0.77
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Chong Swee	19,184,600	0.75
26.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chin Boon Long (My2296)	13,200,200	0.52
27.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Hong Tek Huat	10,600,000	0.42
28.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kenny Khow Chuan Wah (008)	10,324,200	0.40
29.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For State Street Bank & Trust Company (West Clt Od67)	9,892,800	0.39
30.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Loh Lee Yin	9,752,800	0.38
	TOTAL	**2,101,997,200**	**82.31**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARESHOLDINGS
as at 31 December 2021

Class of Shares	:	Irredeemable Convertible Preference Shares ("ICPS")
No. of ICPS Issued	:	900,305,210 ICPS
No. of ICPS Outstanding	:	1,709,810 ICPS
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 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 Constitution, carry 1 vote for each such share

DISTRIBUTION OF ICPS HOLDINGS

Size of ICPS holdings	No. of Holders	%	No. of Holdings	%
1 - 99	4	12.12	60	0.00
100 - 1000	2	6.06	1,100	0.06
1,001 - 10,000	8	24.24	41,850	2.45
10,001 to less than 5% of the issued ICPS	13	39.39	491,800	28.76
5% and above the issued ICPS	6	18.19	1,175,000	68.73
Total	**33**	**100.00**	**1,709,810**	**100.00**

30 LARGEST SECURITIES ACCOUNT HOLDERS
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Holdings	%
1.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Thau Ping (E-Kku)	300,000	17.55
2.	Tui Ma Koon	300,000	17.55
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Pin Loong	265,000	15.50
4.	Lee Heuk Ping	120,000	7.02
5.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte. Ltd. (Clients)	100,000	5.85
6.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ooi Geok Kee	90,000	5.26
7.	Shuit Soon Hock	80,000	4.68
8.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chee Soo Teng	70,000	4.09
9.	Yap Nyoke Yong	60,000	3.51
10.	Koh Mee Huaw	45,000	2.63
11.	Saifful Shah Bin Razi Shah Gill	42,100	2.46
12.	Lee Keng Seng	33,000	1.93
13.	Hian Bee Geok	30,200	1.77
14.	Cheah Saw Ha	30,000	1.75
15.	Tan Vooi Nan	27,000	1.58
16.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yew Siew Lee (E-Jbu)	26,000	1.52
17.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Neoh Siew Cheng	24,000	1.40
18.	Lee Kim Hong	13,500	0.79
19.	Lam See Wei	11,000	0.64
20.	Khoo Eng Heng @ Koh Eng Heng	10,000	0.58
21.	Lee Kok Hoong	10,000	0.58
22.	Chiew Chau @ Chew York Khern	6,800	0.40
23.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Kin Sing (Kluang-Cl)	4,100	0.24
24.	Cham Li Jun	4,000	0.23
25.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Yit Khuang (Ccts)	4,000	0.23
26.	Low Sui Pek	1,600	0.09
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Mohamad Rizal Bin Mohamad Yatim	1,350	0.08
28.	Phoon Chia Sin	1,000	0.06
29.	Lim Choon Hwa	100	0.01
30.	Ho Siew Yan	35	0.00
	TOTAL	**1,709,785**	**99.98**

ANALYSIS OF
WARRANTHOLDINGS (WARRANTS A)
as at 31 December 2021

No. of 2019/2024 Warrants ("Warrants A") Issued	:	192,459,802
No. of 2019/2024 Warrants A Outstanding	:	573,982

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
1 - 99	4	7.69	11	0.00
100 - 1000	16	30.77	7,671	1.34
1,001 - 10,000	19	36.54	93,700	16.32
10,001 to less than 5% of the issued Warrants A	9	17.31	165,600	28.85
5% and above the issued Warrants A	4	7.69	307,000	53.49
Total	**52**	**100.00**	**573,982**	**100.00**

30 LARGEST SECURITIES ACCOUNT HOLDERS
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Holdings	%
1.	Lam Ah Choi	167,900	29.25
2.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Thau Ping (E-Kku)	60,000	10.45
3.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte. Ltd. (Clients)	50,000	8.71
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Jayne Qi (My2603)	29,100	5.07
5.	Boo Boon Hui	23,200	4.04
6.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ooi Wan Cheng (E-Ppg)	21,600	3.76
7.	Lee Kok Hoong	20,000	3.48
8.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ambrose Anak Dango	20,000	3.48
9.	Lim Suey Hock	18,000	3.14
10.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ooi Geok Kee	18,000	3.14
11.	Then Tit Seong @ Then Yet Seong	18,000	3.14
12.	Low Jun Ho	13,800	2.40
13.	Lee Yok Moi	13,000	2.26
14.	Ng Jin Guan	10,000	1.74
15.	Saifful Shah Bin Razi Shah Gill	10,000	1.74
16.	Tan Vooi Nan	9,000	1.57
17.	Maybank Nominees (Asing) Sdn. Bhd. Zainal Abidin Bin Sjawaltul Abidin	8,400	1.46
18.	Fong Wen Shyaun	8,000	1.39
19.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Koh Kok Cheng (T M Raya-Cl)	6,000	1.05

30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Holdings	%
20.	Heng Ding Ding	6,000	1.05
21.	Saw Fong Kooi	6,000	1.05
22.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chee Soo Teng	5,000	0.87
23.	Chin Tatt Vooi	3,700	0.64
24.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Neoh Siew Cheng	3,600	0.63
25.	Teoh Hock Guan	3,200	0.56
26.	Shim Yin Shiang	3,000	0.52
27.	Chia Siew Wan	2,900	0.51
28.	Loh Cheow Hwa	2,000	0.35
29.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lai Chuang Eng	2,000	0.35
30.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yew Siew Lee (E-Jbu)	2,000	0.35
	TOTAL	**563,400**	**98.15**

ANALYSIS OF
WARRANTHOLDINGS (WARRANTS B)
as at 31 December 2021

No. of 2021/2024 Warrants ("Warrants B") Issued	:	850,811,683
No. of 2021/2024 Warrants B Outstanding	:	850,765,883

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
1 - 99	391	14.87	16,284	0.00
100 - 1000	489	18.59	254,790	0.03
1,001 - 10,000	1,028	39.09	4,922,378	0.58
10,000 - 100,000	553	21.03	17,099,347	2.01
100,001 to less than 5% of the issued Warrants B	163	6.20	316,433,987	37.19
5% and above the issued Warrants B	6	0.22	512,039,097	60.19
Total	**2,630**	**100.00**	**850,765,883**	**100.00**

DIRECTORS' WARRANTS B HOLDINGS IN THE COMPANY
(As per the Register of Directors' Warrant B holdings as at 31 December 2021)

Name of Directors	Direct Interest No. of Shares Held	%#	Indirect Interest No. of Shares Held	%#
Dato' Seri Teoh Hai Hin	60,333,333	7.09	53,505,466*	6.29*
Lester Chin Kent Lake	–	–	98,141,266**	11.54**
Christopher Chan Hooi Guan	–	–	68,666,666***	8.07***
Kenny Khow Chuan Wah	3,441,400	0.40	–	–

* Deemed interested by virtue of his interest in Hong Seng Frontier Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

** Deemed interested by virtue of his father's interest and his interests in Radiance Dynasty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

*** Deemed interested by virtue of his interest in Aurora Crest Sdn. Bhd. and Open Dynamics Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Percentage based on outstanding Warrants B as at 31 December 2021.

30 LARGEST SECURITIES ACCOUNT HOLDERS
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Holdings	%
1.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	197,913,493	23.26
2.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	104,555,005	12.29
3.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Aurora Crest Sdn. Bhd.	66,666,666	7.84

30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Holdings	%
4.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Radiance Dynasty Sdn. Bhd.	50,000,000	5.88
5.	Valhalla Capital Sdn. Bhd. Pledged Securities Account For Radiance Dynasty Sdn. Bhd.	47,453,933	5.58
6.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Teoh Hai Hin	45,450,000	5.34
7.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Hong Seng Frontier Sdn. Bhd.	38,005,466	4.47
8.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Newfront Ventures Sdn. Bhd.	33,148,625	3.90
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Master Knowledge Sdn. Bhd.	26,068,466	3.06
10.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Robust Potential Sdn. Bhd.	23,845,733	2.80
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For MMAG Holdings Berhad	20,500,000	2.41
12.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Hong Seng Frontier Sdn. Bhd. (My4361)	15,500,000	1.82
13.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Eminent Mission Sdn. Bhd.	14,805,900	1.74
14.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Teoh Hai Hin	14,333,333	1.68
15.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Twinstar Century Sdn. Bhd.	12,721,133	1.50
16.	Valhalla Capital Sdn. Bhd. Pledged Securities Account For Twinstar Century Sdn. Bhd.	9,618,466	1.13
17.	Chin Boon Long	8,633,400	1.01
18.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Master Knowledge Sdn. Bhd. (Third Party)	8,000,000	0.94
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chan Swee Ying	6,873,333	0.81
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Wen Xin (Rc)	6,666,666	0.78
21.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Hong Tek Huat	3,533,333	0.42
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kenny Khow Chuan Wah (008)	3,441,400	0.40
23.	Hong Seng Capital Sdn. Bhd. Pledged Securities Account For Byteworth Sdn. Bhd.	2,801,700	0.33
24.	Chin Poh Lin	2,705,466	0.32
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Hallmark Pixel Sdn. Bhd. (Third Party)	2,666,666	0.31
26.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Choo Peng Hung	2,060,133	0.24
27.	Open Dynamics Sdn. Bhd.	2,000,000	0.24
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (Leef)	1,932,600	0.23
29.	CSH Network Capital Sdn. Bhd. Pledged Securities Account For Master Knowledge Sdn. Bhd.	1,885,100	0.22
30.	Kee Loong Sing	1,597,533	0.19
	TOTAL	**775,383,549**	**91.14**

NOTICE OF THE
20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of the Company will be held fully virtual through live streaming and online remote voting using Remote Participation and Voting facilities via Vote2U provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia at https://web.vote2u.my (Domain Registration No. with MYNIC – D6A471702) from the broadcast venue at Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia on Friday, 25 February 2022 at 3.30 p.m. or at any adjournment thereof to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial period ended 30 September 2021 and the Reports of Directors and Auditors thereon. *(Please refer Note 1)*

2. To approve the payment of Directors' fees to the Non-Executive Directors of RM4,581 for their services from 30 September 2020 until the date of this annual general meeting in excess of the current approved limit. *Ordinary Resolution 1*

3. To re-elect the following Directors, who retire pursuant to the Company's Constitution:-

   (i) Mr. Yap Kien Ming (Article 107(1)(b)) *Ordinary Resolution 2*
   (ii) Mr. Lester Chin Kent Lake (Article 100) *Ordinary Resolution 3*
   (iii) Mr. Christopher Chan Hooi Guan (Article 100) *Ordinary Resolution 4*
   (iv) Mr. Leong Kam Soon (Article 100) *Ordinary Resolution 5*

4. To consider and if thought fit, to pass the following Resolution, with or without modifications:-

   PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   "THAT, subject to the Companies Act 2016 **("Act")**, the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries **("Hong Seng Group")** to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group **("Related Parties")** as specified in Section 2.2.2 of the Circular to Shareholders dated 27 January 2022 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **("Recurrent RPTs")** provided that such transactions are:- *Ordinary Resolution 6*

   (i) recurrent transactions of a revenue or trading nature;
   (ii) necessary for the day-to-day operations;
   (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
   (iv) are not to the detriment of the minority shareholders,

   ("RRPT Mandate")

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting **("AGM")** of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

5. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

SEOW FEI SAN (SSM Practising Certificate No. 201908002299)
MOK MEE KEE (SSM Practising Certificate No. 201908002288)
Secretaries

Petaling Jaya
27 January 2022

Notes:

1. Proxy

1.1 Only depositors whose names appear in the Record of Depositors as at 18 February 2022 shall be regarded as members and entitled to attend, speak and vote at the meeting.

1.2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his proxy.

1.3 A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

1.4 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 but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Notes: (cont'd)

1. Proxy (cont'd)

1.5 Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

1.6 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

1.7 The instrument appointing a proxy must be deposited at our share registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

2. Audited Financial Statements for the Financial Period Ended 30 September 2021

*The audited financial statements for the 18 months for the financial period ended 30 September 2021 are laid before the members pursuant Section 340(1) of the Companies Act 2016 ("**Act**"). The members' approval on the audited financial statements is not required and the same is for discussion only hence, the matter will not be put for voting.*

<u>Other information</u>

*The Company has changed its financial year from 31 March to 30 September on 31 March 2021 for the purpose of enhancing the administrative efficiency of the Company and to enable the Group to rationalise its internal operations as well as financial reporting process in line with the ongoing diversification activities undertaken by the Group and its subsidiaries. Section 340 of the Companies Act 2016 ("**Act**") states that every public company shall hold an Annual General Meeting ("**AGM**") in every calendar year. As the Company foresee challenges to hold its 2021 AGM before 31 December 2021, an application for extension of time for the Company to hold its AGM beyond the calendar year was made to the Companies Commission of Malaysia ("**CCM**") under Section 340(1) of the Act. On 12 April 2021, CCM granted its approval for an extension of time until 31 March 2022 for the Company to hold its AGM in respect of the calendar year 2021 ("**Approval**").*

With the Approval granted by CCM and to comply with Section 340 of the Act to hold AGM for calendar year 2021, the Company will be convening two (2) AGMs (i.e. 20th AGM in respect of calendar year 2021 and 21st AGM in respect of calendar year 2022), this year on the same day, on 25 February 2022.

3. Ordinary Resolution 1: Directors' fees and benefits payable to the Non-Executive Directors

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

*The shareholders had at the 19th AGM held on 29 September 2020 approved the payment of Directors' fees to the Non-Executive Directors of up to an amount of RM240,000 for their services from 30 September 2020 until the next annual general meeting of the Company ("**2020 Mandate Limit**"). Due to the change of the Company's financial year end from 31 March to 30 September and increase in Board size, the total amount of Directors' fees paid from 30 September 2020 until the date of this AGM is amounting to RM 244,581 of which RM 4,581 is in excess of the 2020 Mandate Limit ("**Excess Amount**"). Accordingly, specific shareholder approval will be sought at the 20th AGM for the payment of the Excess Amount.*

Notes: (cont'd)

4. ***Ordinary Resolutions 2 to 5: Re-election of Directors***

   Re-election of Directors who retire in accordance with Article 107(1)(b) of the Company's Constitution

   Article 107(1)(b) of the Company's Constitution provides that at each AGM, one-third of the Directors of the Company for the time being, or if the number is not a multiple of three, then the number nearest to one-third shall retire from office with a minimum of one (1) shall retire from office and an election of Directors shall take place provide always that each Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

   At the forthcoming 20th AGM, one (1) Director (i.e. Mr. Yap Kien Ming) will be retiring in accordance with Article 107(1)(b) of the Company's Constitution. Mr. Yap Kien Ming who being eligible for re-election has given his consent for re-election at the 20th AGM.

   Re-election of Directors who retire in accordance with Article 100 of the Company's Constitution

   Article 100 of the Company's Constitution provides that 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. Any Director so appointed 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 who are to retire by rotation at that meeting).

   Pursuant to the said Article 100, three (3) Directors, namely, Lester Chin Kent Lake, Christopher Chan Hooi Guan and Leong Kam Soon will retire at the forthcoming AGM of the Company as they were appointed after last year's AGM. They being eligible for re-election have also given their respective consent for re-election at the 20th AGM.

5. ***Ordinary Resolution 6: Proposed of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***

   The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature is set out in the Circular to Shareholders dated 27 January 2022, which is despatched together with the Notice of 20th AGM.

NOTICE OF THE
21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the Company will be held fully virtual through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities via Vote2U provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia at https://web.vote2u.my (Domain Registration No. with MYNIC – D6A471702) from the broadcast venue at Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia on Friday, 25 February 2022 at 4.00 p.m. or immediately after the conclusion or adjournment of the Company's 20th Annual General Meeting (whichever is later), which will be held at the same venue on the same day at 3.30 p.m. to transact the following businesses:-

AGENDA

1. To approve the payment of Directors' fees to the Non-Executive Directors of up to an amount of RM300,000 for their services from 26 February 2022 until the next annual general meeting of the Company. *Ordinary Resolution 1*

2. To re-elect the following Directors, who retire pursuant to the Company's Constitution:-

   (i) Mr. Kenny Khow Chuan Wah (Article 107(1)(b)) *Ordinary Resolution 2*
   (ii) Tuan Ng Keok Chai (Article 107 (1)(b)) *Ordinary Resolution 3*

3. To appoint Grant Thornton Malaysia PLT as Auditors of the Company and authorise the Directors to determine their remuneration. *Ordinary Resolution 4*

4. To consider and if thought fit, to pass the following Resolutions, with or without modifications:-

   (A) ORDINARY RESOLUTION - AUTHORITY TO ALLOT SHARES

   "THAT subject always to the Companies Act 2016 ("**Act**") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being." *Ordinary Resolution 5*

(B) ORDINARY RESOLUTION - PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 6

"THAT subject to the Companies Act 2016 ("**Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("**Hong Seng Group**") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as specified in Section 2.2.2 of the Circular to Shareholders dated 27 January 2022 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent RPTs**") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders,

("**RRPT Mandate**").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

(C) SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

Special Resolution 1

"THAT the amendments to the Constitution of the Company in the manner detailed in 'Appendix A' to the Annual Report 2021 be and are hereby approved."

5. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

SEOW FEI SAN (SSM Practising Certificate No. 201908002299)
MOK MEE KEE (SSM Practising Certificate No. 201908002288)
Secretaries

Petaling Jaya
27 January 2022

Notes:

1. Proxy

1.1 Only depositors whose names appear in the Record of Depositors as at 18 February 2022 shall be regarded as members and entitled to attend, speak and vote at the meeting.

1.2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his proxy.

1.3 A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

1.4 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 but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

1.5 Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

1.6 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

1.7 The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

Notes: (cont'd)

2. Other information

*The Company has changed its financial year from 31 March to 30 September on 31 March 2021 for the purpose of enhancing the administrative efficiency of the Company and to enable the Group to rationalise its internal operations as well as financial reporting process in line with the ongoing diversification activities undertaken by the Group and its subsidiaries. Section 340 of the Companies Act 2016 ("**Act**") states that every public company shall hold an Annual General Meeting ("**AGM**") in every calendar year. As the Company foresee challenges to hold its 2021 AGM before 31 December 2021, an application for extension of time for the Company to hold its AGM beyond the calendar year was made to the Companies Commission of Malaysia ("**CCM**") under Section 340(1) of the Act. On 12 April 2021, CCM granted its approval for an extension of time until 31 March 2022 for the Company to hold its AGM in respect of the calendar year 2021 ("**Approval**").*

With the Approval granted by CCM and to comply with Section 340 of the Act to hold AGM for calendar year 2021, the Company will be convening two (2) AGMs (i.e. 20th AGM in respect of calendar year 2021 and 21st AGM in respect of calendar year 2022), this year on the same day, on 25 February 2022.

3. Ordinary Resolution 1: Directors' fees and benefits payable to the Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 21st AGM for payment of Directors' fees.

*The Directors' fees payable to the Non-Executive Directors from 26 February 2022 until the conclusion of the next AGM ("**Mandate Period**") is estimated not to exceed RM300,000 ("**2022 Mandate Limit**"). The Board will seek shareholders' approval at the next AGM in the event the 2022 Mandate Limit is insufficient to pay the Non-Executive Directors for their services for the Mandate Period.*

The Proposed Payment of Directors' Fees, if approved by the shareholders, will empower the Board to pay the Directors' Fees to the Non-Executive Directors of the Company on a monthly basis and/or as and when incurred for services rendered by the Non-Executive Directors throughout the Mandate Period.

4. Ordinary Resolutions 2 to 3: Re-election of Directors

<u>Re-election of Directors who retire in accordance with Article 107(1)(b) of the Company's Constitution</u>

Article 107(1)(b) of the Company's Constitution provides that at each AGM, one-third of the Directors of the Company for the time being, or if the number is not a multiple of three, then the number nearest to one-third shall retire from office with a minimum of one (1) shall retire from office and an election of Directors shall take place provide always that each Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

At the forthcoming 21st AGM, two (2) Directors (i.e. Mr. Kenny Khow Chuan Wah and Tuan Ng Keok Chai) will be retiring in accordance with Article 107(1)(b) of the Company's Constitution. They being eligible for re-election have given their consent for re-election at the 21st AGM.

Notes: (cont'd)

5. Ordinary Resolution 5: Authority to Allot Shares

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future business expansion and investment activities/projects, working capital, repayment of bank borrowing and/or acquisitions.

*As at the date of printing of this Annual Report, 3,000,000 ordinary shares at an issue price of RM1.00 each in the Company were issued and allotted in accordance with the general mandate pursuant to Section 75 of the Act which was obtained from the shareholders of the Company at its 19th AGM held on 29 September 2020 ("**2020 General Mandate**") and which will lapse at the conclusion at the 20th AGM. The said shares were issued as payment for the acquisition of 32% of the equity interest in eMedAsia Sdn. Bhd. for a total consideration of RM3,000,000.00.*

*In addition, the Company had on 15 September 2020 announced its proposed private placement of not more than 10% of the total number of issued shares of the Company ("**Proposed Private Placement**") (approved by Bursa Malaysia Securities Berhad on 7 October 2020 and granted a further extension of time until 6 April 2022 to complete ["**Extended Implementation Date**"]) which is to be undertaken in accordance with the authority to allot shares granted by the shareholders ("**General Mandate**") at the Company's 18th AGM held on 29 August 2019 ("**2019 General Mandate**"). In view of the Extended Implementation Date, no new shares in the Company have yet to be issued pursuant to the Proposed Private Placement under the 2019 General Mandate and 2020 General Mandate. The Company will be seeking shareholders' approval for a new General Mandate at its 21st AGM.*

6. Ordinary Resolution 6: Proposed of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature is set out in the Circular to Shareholders dated 27 January 2022, which is despatched together with the Notice of 21st AGM.

7. Special Resolution 1 – Proposed Amendments to the Constitution of the Company

The proposed Special Resolution 1, if passed, will give full effect to the proposed amendments to Article 107(2) of the Constitution of the Company as set out in Appendix A to the Annual Report 2021.

The proposed amendments was made to be line with the following enhancements made to the Malaysian Code on Corporate Governance:-

(a) Company to seek shareholders' approval using the two-tier voting approach to retain independent directors with tenue of more than 9 years; and

(b) A 12-year tenure limit for independent directors without further extension.

APPENDIX **A**

DETAILS OF THE PROPOSED AMENDMENTS TO THE CONSITUTION OF THE COMPANY

It is proposed that the Articles of Association of the Company be amended in the following manner:-

Article 107 (2)

THAT the existing Article 107(2) which reads as follows:-

'The independent director, as defined by the Listing Requirements, shall be subject to:-

(a) Annual re-appointment by the Members at annual general meeting by way of an ordinary resolution, if he has served for a cumulative term of nine (9) years; and

(b) Annual re-appointment by the Members at annual general meeting by ordinary resolution through a two-tier voting process as recommended by the Malaysian Code on Corporate Governance if he has served for a cumulative term of beyond twelve (12) years.'

be and is hereby amended by deleting Article 107(2) in its entirety and substituted with a new Article 107(2) which read as follows:-

'The independent director, as defined by the Listing Requirements, shall be subject to:-

(a) Annual re-appointment by the members at annual general meeting by ordinary resolution through a two-tier voting process as recommended by the Malaysian Code on Corporate Governance if he has served for a cumulative term of beyond nine (9) years; and

(b) Redesignation to non-independent director should the said director continue to serve on the Board for a cumulative term of beyond twelve (12) years.'

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HONG SENG CONSOLIDATED BERHAD
Registration No. 200101001581 (537337-M)
(Incorporated in Malaysia)

PROXY FORM
FOR 20TH ANNUAL
GENERAL MEETING

Number of Shares Held	CDS ACCOUNT NO.
	- -

I/We ……
(Full Name in block letters & IC no./Company no.)

of ………being a member
(Address)
of HONG SENG CONSOLIDATED BERHAD hereby appoint

First Proxy "A"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

and/or failing *him/her,

Second Proxy "B"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 20th Annual General Meeting of our Company to be held fully virtual through live streaming and online remote voting using remote participation and voting facilities via Vote2U provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia at https://web.vote2u.my (Domain Registration No. with MYNIC – D6A471702) from broadcast venue at Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast venue**") on **Friday, 25 February 2022 at 3.30 p.m.** or at any adjournment thereof and to vote as indicated below:-

	Ordinary Resolutions	For	Against
1.	To approve Directors' fees		
2.	To re-elect Yap Kien Ming as a Director of the Company		
3.	To re-elect Lester Chin Kent Lake as a Director of the Company		
4.	To re-elect Christopher Chan Hooi Guan as a Director of the Company		
5.	To re-elect Leong Kam Soon as a Director of the Company		
6.	To approve the proposed shareholders' mandate for recurrent related party transactions		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

** Delete whichever inapplicable.*

Signed this…………. day of ……………………….. 2022

………………………………………………………………
Signature/Common Seal of Shareholder

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 18 February 2022 shall be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his proxy.*
3. *A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *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 but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
7. *The instrument appointing a proxy must be deposited at the share registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. Please refer to the AGM Administrative Guide enclosed to this Notice of AGM on the registration and voting process for the AGM.*

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AFFIX
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The Share Registrar of
HONG SENG CONSOLIDATED BERHAD
Registration No. 200101001581 (537337-M)
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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HONG SENG CONSOLIDATED BERHAD
Registration No. 200101001581 (537337-M)
(Incorporated in Malaysia)

PROXY FORM
FOR 21ST ANNUAL
GENERAL MEETING

Number of Shares Held	CDS ACCOUNT NO.
	- -

I/We ………...
(Full Name in block letters & IC no./Company no.)

of ……..being a member
(Address)
of HONG SENG CONSOLIDATED BERHAD hereby appoint

First Proxy "A"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

and/or failing *him/her,

Second Proxy "B"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 21st Annual General Meeting of our Company to be held fully virtual through live streaming and online remote voting using remote participation and voting facilities via Vote2U provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia at https://web.vote2u.my (Domain Registration No. with MYNIC – D6A471702) from broadcast venue at Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast venue"**) on **Friday, 25 February 2022** at **4.00 p.m.** or immediately after the conclusion or adjournment of our Company's 20th AGM (whichever is later), which will be held at the same venue on the same day at 3.30 p.m. and to vote as indicated below:-

	Ordinary Resolutions	For	Against
1.	To approve Directors' fees		
2.	To re-elect Kenny Khow Chuan Wah as a Director of the Company		
3.	To re-elect Ng Keok Chai as a Director of the Company		
4.	To appoint Grant Thornton Malaysia PLT as Auditors of the Company		
5.	To approve authority to allot shares		
6.	To approve the proposed shareholders' mandate for recurrent related party transactions		
	Special Resolution		
1.	To approve the proposed amendments to the Constitution of the Company		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

** Delete whichever inapplicable.*

Signed this............ day of ……………............... 2022

....
Signature/Common Seal of Shareholder

Notes:

8. *Only depositors whose names appear in the Record of Depositors as at 18 February 2022 shall be regarded as members and entitled to attend, speak and vote at the meeting.*
9. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his proxy.*
10. *A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
11. *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 but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
12. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
13. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
14. *The instrument appointing a proxy must be deposited at the share registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. Please refer to the AGM Administrative Guide enclosed to this Notice of AGM on the registration and voting process for the AGM.*

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AFFIX
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The Share Registrar of
HONG SENG CONSOLIDATED BERHAD
Registration No. 200101001581 (537337-M)
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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Fold This Flap For Sealing

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, Malaysia

Hotline: +603-7887 1666
Facsimile: +603-7887 1766

www.hongseng.com.my