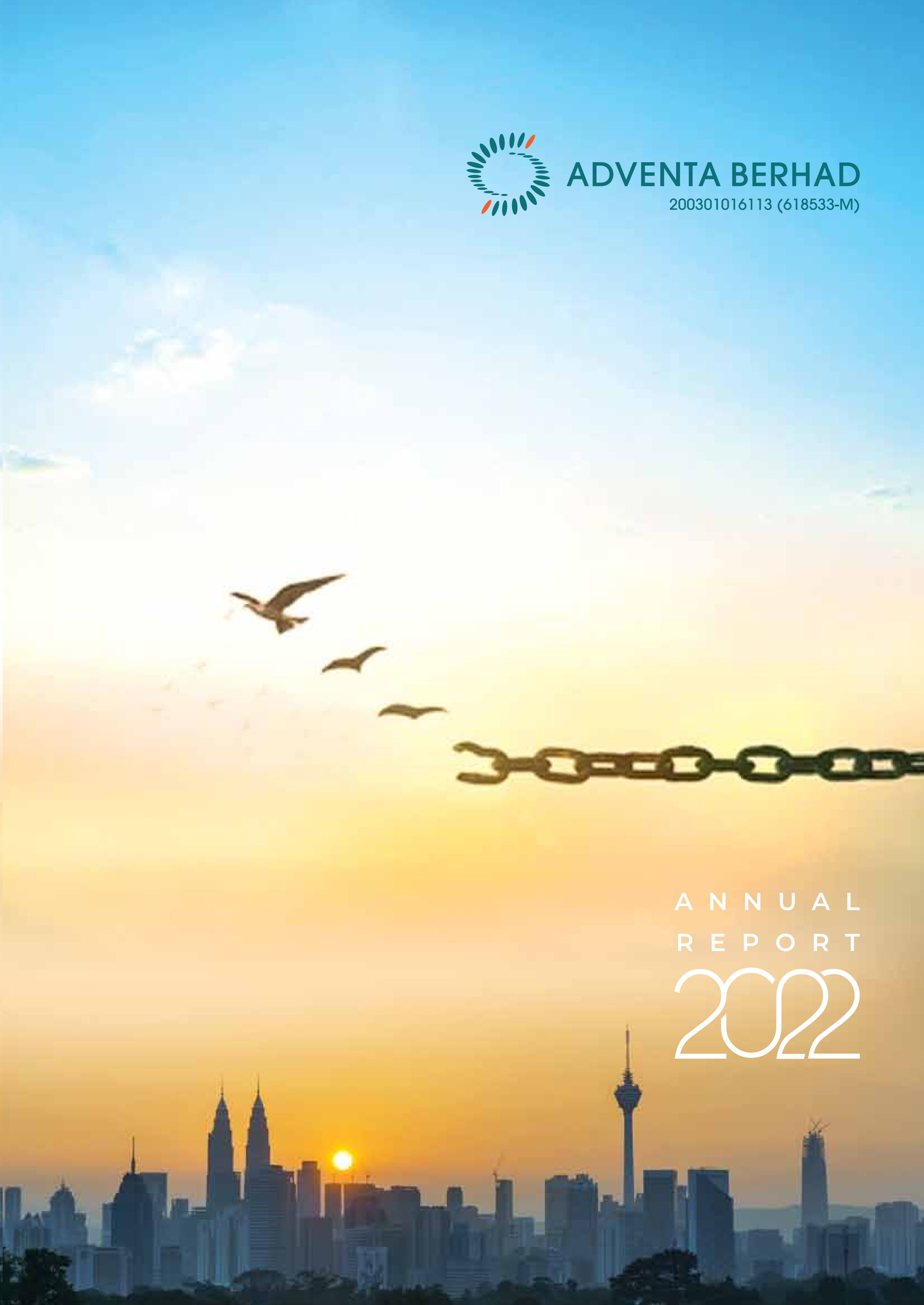

ADVENTA BERHAD

200301016113 (618533-M)

ANNUAL REPORT 2022

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CORPORATE **INFORMATION**

Board of Directors

EDMOND CHEAH SWEE LENG
Chairman
Senior Independent Non-Executive Director

LOW CHIN GUAN
Executive Director

KWEK SIEW LENG
Executive Director

TOH SENG THONG
Independent Non-Executive Director

DATO' SELWYN VIJAYARAJAN DAS
Independent Non-Executive Director

Audit Committee

TOH SENG THONG
Chairman

EDMOND CHEAH SWEE LENG

DATO' SELWYN VIJAYARAJAN DAS

Nomination Committee

EDMOND CHEAH SWEE LENG
Chairman

TOH SENG THONG

Remuneration Committee

EDMOND CHEAH SWEE LENG
Chairman

KWEK SIEW LENG

TOH SENG THONG

Company Secretary

CHUA SIEW CHUAN
(SSM PC NO. 201908002648)(MAICSA 0777689)

LIM LIH CHAU
(SSM PC NO. 201908001454)(LS 0010105)

Registered Office

21, Jalan Tandang 51/205A
Seksyen 51
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-9213 0520

Share Registrar

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940

Principal Bankers

HSBC Bank (Malaysia) Berhad

United Overseas Bank (Malaysia) Berhad

External Auditors

Moore Stephens Associates PLT
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Internal Auditors

PKF Risk Management Sdn. Bhd.
Level 33, Menara 1MK
Kompleks 1 Mont Kiara
No. 1, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad

GROUP CORPORATE **STRUCTURE**

ADVENTA BERHAD
200301016113 (618533-M)

- **100%** — **ADVENTA HEALTHCARE SDN. BHD.**
  - Distribution of medical and healthcare equipment, appliances and medical disposal products
  - **51%** — **MYCARE LANKA (PRIVATE) LIMITED**
    - Distribution of medical and healthcare equipment, appliances and medical disposal products
- **100%** — **ADVENTA DIGITAL HEALTH SDN. BHD.**
  - Dormant
- **100%** — **NEXTECH MED PTE. LTD.**
  - Investment holding
  - **99%** — **PT ADVENTA BIOTECH INTERNATIONAL**
    - Dormant
- **100%** — **PTM PROGRESS TRADING & MARKETING SDN. BHD.**
  - Provision of storage and warehousing services
- **49%** — **PT AKEMA HEALTHCARE INTERNATIONAL**
  - Distribution of medical and healthcare equipment, appliances and medical disposal products

Datuk Mark Victor Rozario
Chief Executive Officer

Dear Shareholders,

As we transitioned into the endemic phase of Covid 19 in 2022, the business environment for hospital supplies became more challenging as most hospitals found themselves in an overstocked situation for many items like rubber gloves, surgical masks and other personal protective equipment that formed the mainstay of demand for our products in 2021. This was exacerbated by increased manufacturing and logistics costs of our overseas suppliers caused by a variety of external factors that led to higher fuel and energy costs globally.

MANAGEMENT DISCUSSION AND ANALYSIS

The tightening procurement budgets for most hospitals in the public sector also resulted in many projected demand quantities not materialising. This has unfortunately resulted in the Company and its subsidiaries' ("the Group") revenue falling to RM59.0 million for the financial year ended 31 December 2022 from a record of RM97.6 million for the previous year. Consequently, the Group is reporting a net loss before tax of RM4.8 million for the financial year ended 31 December 2022 compared to a net profit before tax of RM7.6 million for the previous year.

While we continue to pursue a strategy of expanding the product portfolio with our in-house brand of hospital and surgical disposable supplies under the Connecx name, the Group had also, on 13th January 2023 announced the proposed acquisition of industrial land in Central Jawa, Indonesia containing an area of approximately 32,400 square meters with the intention of constructing a manufacturing facility for the medical equipment industry targeting the vast Indonesian and ASEAN markets. This is seen as an inevitable step for the Group to move up the value chain of its primary trading and distribution business so as to secure its long-term business prospects.

Whilst current year prospects remain challenging in the face of reduced local demand for our products due to the external headwinds of rising interest rates and inflation, the Group remains steadfast in its resolve to expand its horizons to pursue long term growth.

As always, the Company will be nowhere without the commitment and passion of our people and on behalf of the Board of Director and Senior Management, I would like to record our sincere gratitude to the entire team at Adventa for persevering and continuing on the journey ahead with us.

SUSTAINABILITY STATEMENT

Sustainable development is the responsibility of a body to improve the quality of life of the community and future generations in which it operates. Adventa Berhad and its subsidiaries ("the Group") is committed to sustainable development and to continue returning better values to all stakeholders. The Group strive to make life better and safer and to protect the environment wherever the Group is. These values should be embedded in how and why the Group do things, in the policies and culture of its business and people. The future generation and the future should be protected from the acts, products and education the Group set and seek forth.

To achieve this objective, the Group is in continuous evaluation of its processes and development on the Environmental, Social and Governance aspects and impact. The Group has the responsibility to deliver stakeholders' expectation of returns and at the same time to ensure a safe environment in the process.

Approach to Sustainability

In addressing this initiative, the Group plans the development and management of the Economic, Environmental and Social ("EES") elements in its strategy. This general Sustainability Statement is prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and the Sustainability Reporting Guide, including its accompanying toolkits issued by Bursa Malaysia Securities.

This statement is to communicate our Group's material sustainability matters that reflect significant economic, social and environmental impacts of the business.

This statement covers the financial year ended 31 December 2022 for our healthcare segment.

The Governance

The Group's approach to sustainability is formulated based on its core values and principled around the Group's policy and culture, which are illustrated below and available on the company website.

Integrity

The Group maintains integrity in all dealings and trade, working to achieve excellence through honesty and responsibility, without compromising on its duty of care. Undue and illegitimate practices are not tolerated.

Corporate Responsibility

The Group operates with a clear open policy when dealing with its shareholders and the authorities, making proper and timely disclosures of any material factors it faces. The Group is to uphold and maintain the trust of its customers and shareholders.

Quality and Values

The Group strives for quality in all it does, giving customers the value they expect and deserve. The Group endeavours to meet customer requirements and exceed expectations with the products it manufactures and sells.

Focus

The Group maintains a clear and defined focus on its objectives and targets. The Group is set to be a multi-layered and multi-product group producing and distributing products used in the healthcare industry.

SUSTAINABILITY STATEMENT

CONT'D

Non-political Involvements

The Group operates for commercial enterprise and to create value and returns for its shareholders. The Group is determined to operate within the legitimate laws and regulations set down by the democratically elected governments and not involve themselves in any political, philosophical activity or movement of any particular group, country or region.

Environmental & Social Cares

The Group operates within accepted social and environmental requirements. Its responsibility to society and social wellbeing is a priority in all its commercial decisions. The Group works to achieve a cleaner and healthier environment for all employees and the societies it operates in and uses its knowledge and ability to contribute back to its environment. The lives, careers and rights of its employees are respected and enhanced in recognition of their loyalty and dedication to the organisation.

Material Core Focus Areas

Materiality, in sustainability terms, is not limited to matters that may have a financial impact on the Group but includes issues that may impinge on its ability to meet its present and future needs. The Group's definition of materiality is derived from the prescribed guidelines provided by Section 6.3 of the Practice Note 9 of the MMLR of Bursa Malaysia Securities, where material issues are defined as those which:

- reflect the Group's significant EES impacts; and/or
- substantively influence the assessment and decisions of the stakeholders.

The Group have internally performed a materiality assessment on the Group's EES matters and has identified the key focus areas which may have a greater direct or indirect impact on our Group's ability to create, preserve or erode the EES position. We evaluate business strategy decisions for sustainability risks and long-term impacts. Collateral risks are identified and contained.

EES

The Group has made awareness and commitment to sustainability as a part of our management goal. We strive to achieve equitable diversity in our people, culture, philosophies and open-minded inclusiveness in all communities we engaged with. The Group carries out continuous engagements with all stakeholders on the best approach to social, environmental and economic goals without negative impacts. The Group's environmental and social footprints are to be minimised. Wastages, emissions, and inefficiencies are targeted as environmental issues. Energy-saving processes and product designs are parameters in our Research & Development (R&D).

Being in the healthcare industry, product competitiveness and quality, functional relevance and service levels are fundamental criteria for the Group. The Group's policy and culture underpin our goals of:

- Products and services of value and quality that can ensure better safety and health for our customers.
- Minimise environmental footprint in process and product consumption.
- Improved social impact with our services.
- Safety and health assurance for our employees.

The Group practices diversity and equal opportunity for all, measured solely on performance metrics. There shall be zero discrimination in compensation and opportunities. Parental and family commitments are assessed and accommodated effectively to enable employees of all ages and sex to participate productively and wholeheartedly.

Building a sustainable future

The Group is committed to ensuring sustainability with the active participation of all its people, continuously assessing risks and opportunities, working with newer technologies, open engagement and with integrity in all the Group does.

DIRECTORS' **PROFILE**

Edmond Cheah Swee Leng

Senior Independent
Non-Executive Director

Chairman

Age	68
Gender	Male
Nationality	Malaysian

Mr. Edmond Cheah Swee Leng (**"Mr. Cheah"**) was appointed to the Board of Adventa Berhad on 9 August 2004 and is presently the Chairman of the Company. He is a member of the Audit Committee and Chairman of the Remuneration Committee and Nomination Committee.

He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England and Wales. He is also a Certified Financial Planner. His professional experience has been in the fields of audit, merchant banking, corporate & financial advising, portfolio & investment management, unit trust management and financial planning.

His career started with a professional accounting firm in London where he was an Audit Manager. He was the manager in charge of Portfolio Investment in a merchant bank in Malaysia and subsequently in charge of the corporate and planning division in a public listed company. Mr. Cheah was the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Fund Berhad, the largest private unit trust management company in Malaysia.

He was also a council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia (FIMM), a former Task Force Member on Islamic Finance for Labuan International Offshore Financial Centre (LOFSA), and a former member of the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

Mr. Cheah sits on the Board of Nylex (Malaysia) Berhad which is listed on Bursa Malaysia Securities Berhad. He is also an Investment Committee Member and Director of MAAKL Mutual Berhad.

Low Chin Guan

Executive Director,
Key Senior Management

Age	63
Gender	Male
Nationality	Malaysian

Mr. Low Chin Guan (**"Mr. Low"**) was appointed to the Board of Adventa Berhad on 12 April 2004 and is presently the Executive Director of the Company.

He graduated as a Civil Engineer from the University of Manchester Institute of Science and Technology (UMIST), United Kingdom.

Mr. Low founded the initial subsidiary of the Group in 1988. He has years of experience in project management, operations of manufacturing and assembly plants, financial control, strategic planning and marketing. In 2003, he formed Adventa Berhad to hold the various companies and manufacturing facilities under a single group management.

He led the Group as the Managing Director in the areas of strategic planning, business development, investments, acquisitions and key personnel recruitment until November 2021, when he relinquished his role as the Managing Director of the Group.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

Mr. Low is the major shareholder of the Company. He does not have any family relationship with any other director nor any conflict of interest in any business arrangement involving the Company, except as disclosed in the Financial Statements.

DIRECTORS' PROFILE

CONT'D

Kwek Siew Leng

Executive Director,
Key Senior Management

Age	56
Gender	Female
Nationality	Malaysian

Ms. Kwek Siew Leng (**"Ms. Kwek"**) was appointed to the Board of Adventa Berhad on 12 April 2004 and is presently the Executive Director of the Company. She is a member of the Remuneration Committee.

She is an Associate Member of the Chartered Institute of Management Accountants (CIMA) and a Chartered Malaysian Institute of Accountants (MIA). She has senior operations experience in audit and accounting prior to joining the Adventa Berhad group. Her prior employment in public practice includes stints in statutory and regulatory reporting, financial planning, budgeting and forecasting, taxation, managerial skills as well as system development in various fields.

She joined one of the Company's subsidiaries as Finance Manager in 2002 and assumed the position of Group Finance Manager of Adventa Berhad in 2003. She was subsequently promoted to Finance Director in 2004. She is now responsible for the overall management and operations of the accounts and finance departments.

She attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

Toh Seng Thong

Independent Non-Executive Director

Age	64
Gender	Male
Nationality	Malaysian

Mr. Toh Seng Thong (**"Mr. Toh"**) was appointed to the Board of Adventa Berhad on 10 May 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He graduated with a Bachelor of Commerce (Accounting) Degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Chartered Accountants Australia and New Zealand, a Fellow member of the Malaysian Institute of Taxation and an Associate member of the Harvard Business School Alumni Club of Malaysia.

Mr. Toh has over 30 years' experience in auditing, taxation and corporate and financial advisory. He is also a practicing Chartered Accountant of Malaysia. He started his practice under Messrs. S T Toh & Co in 1997.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

He sits on the Board of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) and PPT Synergy Group Berhad, all of which are listed on Bursa Malaysia Securities Berhad.

DIRECTORS' PROFILE

CONT'D

Dato' Selwyn Vijayarajan Das

Independent Non-Executive Director

Age	68
Gender	Male
Nationality	Malaysian

Dato' Selwyn Vijayarajan Das (**"Dato' Selwyn"**) was appointed to the Board of Adventa Berhad on 23 December 2021. He is a member of the Audit Committee.

Dato' Selwyn graduated with a Bachelor of Arts (Hons) from the University of Malaya, Bachelor of Laws (Hons) from the University of London, Master in Business Administration from the University of Delaware, United States

He has over 38 years of experience in government, diplomacy, negotiations, human resource, budget and finance, conference organisation and management and law.

Dato' Selwyn started his career in the Malaysian Administrative and Diplomatic Service in year 1979 and has served in various capacities in the Prime Minister's Department, Ministry of Finance and Ministry of Foreign Affairs. He was appointed as the High Commissioner of Malaysia to Kenya from year 2005 to year 2009, High Commissioner of Malaysia to Canada from year 2009 to year 2010 and Ambassador of Malaysia to Austria from year 2013 to year 2014.

He was a member of Public Services Commission of Malaysia from year 2016 to year 2019 and he is currently an Advocate and Solicitor of the High Court of Malaya.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

Save as disclosed, none of the Directors have:-

1 Any other directorship in public companies and listed issuers;
2 Any family relationship with any Director and/or major shareholder of the Company;
3. Any conflict of interest with the Company;
4. Any convictions for offences within the past five (5) years other than traffic offences, if any; and
5. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

KEY SENIOR MANAGEMENTS' PROFILE

Datuk Mark Victor Rozario

Chief Executive Officer,
Key Senior Management

Age	58
Gender	Male
Nationality	Malaysian

Datuk Mark Victor Rozario (**"Datuk Mark"**) was appointed as the Chief Executive Officer of Adventa Berhad on 16 November 2021.

Datuk Mark graduated with a Bachelor of Science with a major in Economics from the London School of Economics. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Corporate Directors Malaysia and a member of the Malaysian Institute of Accountants.

He has more than 25 years of experience in management, corporate finance and strategic leadership in companies involved in property investment and development, manufacturing, healthcare, aerospace and innovation.

Prior to his appointment, Datuk Mark held various senior management positions in General Electric International, Agensi Inovasi Malaysia, Country Heights Holdings Berhad, Sunway Berhad and Schlumberger Group.

Datuk Mark sits on the Board of Petronas Gas Berhad, which is listed on Bursa Malaysia Securities Berhad.

Low Chin Guan

Executive Director, Key Senior Management

Age	63
Gender	Male
Nationality	Malaysian

The profile of Mr. Low Chin Guan is set out on page 7 of this Annual Report.

Kwek Siew Leng

Executive Director, Key Senior Management

Age	56
Gender	Female
Nationality	Malaysian

The profile of Ms. Kwek Siew Leng is set out on page 8 of this Annual Report.

Save as disclosed, none of the key senior management have:-

1. Any other directorship in public companies and listed issuers;
2. Any family relationship with any Director and/or major shareholder of the Company;
3. Any conflict of interest with the Company;
4. Any convictions for offences within the past five (5) years other than traffic offences, if any; and
5. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("**the Board**") of Adventa Berhad ("**Adventa**" or "**the Company**") is pleased to present this Corporate Governance ("**CG**") Overview Statement ("**Statement**") to provide the shareholders and investors with an overview on the application of CG practices by the Company and its subsidiaries ("**the Group**") as set out in the Malaysian Code of Corporate Governance ("**MCCG**") throughout the financial year ended 31 December 2022 ("**FYE 2022**").

This Statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("**Bursa Malaysia Securities**") Main Market Listing Requirements ("**MMLR**") and it is to be read together with the CG Report of the Company in respect of FYE 2022 ("**CG Report**") which is published at www.adventa.com.my.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Company is led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

The major responsibilities of the Board are outlined in the Board Charter. The Board discharged its key fiduciary duties, leadership functions and responsibilities, as follows:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business;
- Considering the management recommendations on key issues - including acquisitions and divestments, restricting, funding and significant capital expenditure;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- Ensuring that the Company's financial statements are true and fair and conform with any applicable laws and/or regulations; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

For the effective function of the Board, the Board has established the following Board Committees to assist in the discharge of its responsibilities:

(i) Audit Committee ("**AC**");
(ii) Nomination Committee ("**NC**"); and
(iii) Remuneration Committee ("**RC**").

The Board Committees operate within clearly defined Terms of Reference ("**TOR**") which were duly approved by the Board. The TORs are to be regularly reviewed as and when required to ensure they are consistent with MMLR and MCCG.

The Board is led by Mr. Edmond Cheah Swee Leng, who is the Chairman of the Company and always strive for instilling good CG practices, demonstrating leadership and oversee the effectiveness of the Board. The positions of Chairman and Chief Executive Officer are held by different individuals and their roles and responsibilities are distinct and clearly defined in the Board Charter.

The Chairman of the Board is also the Chairman of the NC and RC and a member of the AC.

The Board is supported by two (2) Company Secretaries who are suitably qualified under the Companies Act 2016 ("**CA 2016**"), in all respect in the CA 2016, MMLR of Bursa Malaysia Securities, MCCG and company secretaryship matters. The Board has full access to the advice and services of the Company Secretaries for the Board's affairs and businesses.

The Board received meeting materials, which are complete and accurate within a reasonable time prior to the meeting. Upon conclusion of the meeting, the minutes of meetings are circulated in a timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. Board Responsibilities (cont'd)

The Board met six (6) times during the FYE 2022. All Directors complied with the minimum requirements on attendance at Board meetings as stipulated in the MMLR (a minimum of 50% of the total Board meetings held during the FYE 2022). The details of the Directors' attendance at the Board meetings during the FYE 2022 are as follows:

No.	Name of Directors	Attendance of Board Meetings
1.	Edmond Cheah Swee Leng	6/6
2.	Low Chin Guan	6/6
3.	Kwek Siew Leng	6/6
4.	Toh Seng Thong	6/6
5.	Dato' Selwyn Vijayarajan Das	6/6

The Board Charter of the Company documented the governance and structure of the Board, authority, major roles and responsibilities and TOR of the Board Committees, matters reserved for the Board and other guidance on the Board conduct.

The Company has in place the Whistleblowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The AC oversees the administration of the Whistleblowing Policy.

The Group has in place a Code of Conduct and Ethical Practice that applies to all the Directors of the Group where appropriate standards of conduct and ethical behaviour are maintained in the Group to preserve the Group's reputation and the success of its operation.

The Board Charter, Whistleblowing Policy and the Code of Conduct and Ethical Practice are to be regularly reviewed by the Board as and when required, and they are available for viewing at the Company's website www.adventa.com.my.

II. Sustainability

Adventa takes into account sustainability considerations when overseeing the Group's planning and performance. The Board and Senior Management have direct oversight on sustainability-related matters, which sets a strong tone from the top as they plan the development and management of the Economic, Environment and Social elements in its strategy. The Group is in continuous evaluation of the processes and development of the Environment, Social and Governance ("**ESG**") aspects and impact.

The Group has established a Sustainability Framework with key focus on ESG principles, covering areas such as Carbon Reduction, Water Conservation, Pollution, Climate Change, Health and Safety, Corporate Social Responsibility, Compliance & Integrity.

The Board and Management communicate the Company's sustainability strategies, priorities, targets as well as performance with internal and external stakeholders through the following channels :

Internal stakeholders
- Group CEO Townhall
- Engagement sessions with various groups of employees
- E-mail communication

External and internal stakeholders
- Adventa's Sustainability Statement in the Annual Report
- Annual General Meeting ("**AGM**")

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

II. Sustainability (cont'd)

The Board is cognisant that Directors are expected to have a strong understanding and be able to engage in rigorous discourse with Management in addressing sustainability-related risks.

The Group Risk Management Framework sets out the approach to the identification, assessment, management, monitoring and reporting of risks. The Board sets risk appetite and regularly reviews performance against the risk tolerance limits.

The Board is committed to staying abreast with sustainability issues associated with the ever-evolving operating environment, which are relevant to Adventa and its business, including climate and supply-chain risks, natural disasters, and health and safety risks.

To this end, the Board members will keep themselves appraised with contemporaneous and relevant sustainability developments by way of formal training including webinars, structured reading and discussions.

The Company has enhanced its Board and Board Committees Performance Evaluation Form by including questionnaires on ESG issues. The same performance evaluation criteria apply to Senior Management as well.

As part of the Company's Board Effectiveness Evaluation exercise for 2022, the Directors were formally assessed on their performance regards to oversight of material sustainability risks and opportunities. Specifically, the questionnaire modality deployed through a self and peer evaluation provided extensive coverage on the following sustainability-related areas :

- Presence of a business strategy as underpinned by Environmental;
- ESG considerations;
- ESG literacy of the Board; and
- Oversight and monitoring of sustainability targets and goals.

III. Board Composition

The Company is led by an experienced and competent Board with different expertise. Presently, there are five (5) members of the Board, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Senior Independent Non-Executive Director.

The Board deems its composition as appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the current Board membership. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of finance, accounting and economics, as well as capital markets services.

The three (3) Independent Non-Executive Directors out of five (5) of the Board members, make up more than half of the Board and is in compliance with Paragraph 15.02(1) of the MMLR and Practice 5.2 of the MCCG. Notwithstanding the above, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The Board has not developed a policy which limits the tenure of its Independent Directors ("**ID**") to nine (9) years. In the event the Board deems it beneficial to the Group to retain an ID beyond nine (9) years tenure, it will need to justify the recommendation to shareholders and seek shareholders' approval at a general meeting.

During the financial year under review, the Board and the NC have determined not to retain Mr. Edmond Cheah Swee Leng and Mr. Toh Seng Thong, who had served on the Board for a cumulative term of more than twelve (12) years, as Independent Non-Executive Directors of the Company at the forthcoming AGM of the Company.

Instead, the Board and the NC have decided to re-designate Mr. Edmond Cheah Swee Leng from Senior Independent Non-Executive Director to Senior Non-Independent Non-Executive Director and Mr. Toh Seng Thong from Independent Non-Executive Director to Non-Independent Non-Executive Director.

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

III. Board Composition (cont'd)

In any appointment of Board and Senior Management, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, have been considered to maintain a diverse Board and Senior Management team that will help to grow the Group and have better governance in the Group.

The Board also acknowledges the need to promote gender diversity in line with the MCCG and the Government's target for woman to fill 30% or more of the decision-making positions in corporate Malaysia.

The Board does not have any Gender Diversity Policy and has not set any gender diversity target for FYE 2022. However, the Board is committed to gender diversity which includes the representation of women in the composition of the Board of the Company and at the management level of the Group which is available for viewing at the Company's website https://www.adventa.com.my/diversity.

As at 31 December 2022, there is one (1) woman Director on the Board which does not fulfils the MCCG's recommendation of at least 30% women participation in the Board. The Board will continue to identify suitable female candidate as Director from time to time to promote gender diversity.

NC

The NC that is established by the Board, is responsible for screening, evaluating and recommending to the Board suitable candidates for appointment as Directors and Senior Management as well as filling vacancies in the Board Committees. The NC is chaired by Mr. Edmond Cheah Swee Leng, the Senior Independent Non-Executive Director, who is also the Chairman of the Company.

During FYE 2022, the main activities undertaken by the NC were as follows:

- Reviewed and recommended to the Board, the Fit and Proper Policy.
- Reviewed and recommended to the Board, the revised annual assessment for the effectiveness of the Board as a whole and the Board Committees.
- Reviewed and recommended to the Board, the re-election of Directors of the Company who shall retire at the AGM of the Company.
- Assessed the independency of the Independent Non-Executive Directors of the Company.
- Reviewed and recommended to the Board, the retention of Independent Directors of the Company pursuant to MCCG.
- Reviewed the training programmes attended by the Directors for the financial year ended 31 December 2021.
- Reviewed the attendance of the Directors at Board and/or Board Committee Meetings for the financial year ended 31 December 2021.
- Assessed the effectiveness of the Board as a whole and the Board Committees including the AC.
- Assessed the contribution and performance of each individual Director of the Company and AC member.
- Reviewed and recommended to the Board, the revised Terms of Reference of the NC.

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

III. Board Composition (cont'd)

The Board, through the NC, has established a formal assessment mechanism to carry out assessment on an annual basis on the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the ID. The areas covered in the annual assessment criteria of the Board, Board Committees and individual Directors are as follows:

Evaluation	Assessment Criteria
Board and Board Committees	• Board mix and composition • Quality of information and decision making • Boardroom activities • Board's relationship with the Management • Board Committees' performance evalution
Individual Directors	• Fit and proper • Contribution and performance • Calibre and personality

The Company has enhanced its Board and Board Committees Performance Evaluation Form by including questionnaires on Environmental, Social and Governance issues.

In FYE 2022, the NC carried out the abovesaid assessments. The results indicated that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and IDs, is appropriate. The IDs also fulfilled their independent role in corporate accountability.

For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM of the Company, the Board through its NC undertakes a formal evaluation to determine the eligibility of each retiring Director in line with MCCG, which include the following:

i. Effectiveness of the Board as a whole and the Committees of the Board;
ii. Contribution and performance of each individual Director;
iii. Fit and proper assessment; and
iv. The required mix of skills and experience and other qualities, including core competence.

The Directors who are to retire shall abstain from deliberations and decisions on their eligibility to stand for re-election at the meetings of the Board and NC, where relevant.

All Directors of the Company have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities for directors of listed issuers. Directors' training is an ongoing process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

The Directors will continue to participate from time to time in training programmes to keep abreast with the latest developments in the capital markets, relevant changes in laws and regulations, corporate governance matters, and current business issues, from time to time.

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

III. Board Composition (cont'd)

During FYE 2022, all Directors attended various training programmes and seminars as follows:

Directors	Training(s) Attended
Edmond Cheah Swee Leng	- In-house training session on Unpacking the Guide on how it assists PLCs in applying the Principles, Practices & Guidance of the updated Malaysian Code on Corporate Governance 2023 Edition
Low Chin Guan	- In-house training on "10 skills employer looking for in healthcare industry"
Toh Seng Thong	- SSM National Conference 2022 on Corporate Governance and Sustainability - Strategic Planning Theories, Tools and Practice for Business - Securities Commission Malaysia's Audit Oversight Board Conversation with AC
Kwek Siew Leng	- Russia-Ukraine Tensions & Market Implications - Bloomberg Asean Business Summit webinar - HSBC Mid -Year Investment Outlook 2022 – Adapting to Disruption - Bloomberg Asia Wealth Summit - Global Minimum Tax – Managing Changes - Transfer Pricing Trends in Asia - HSBC Premier's Investment Market Outlook webinar – Is China still at the forefront of Innovation and Economic Growth?
Dato' Selwyn Vijayarajan Das	- Selangor Bar – Disputes in the Construction Industry - Selangor Bar - Corporate Litigation - Selangor Bar – New Era in Civil Litigation

IV. Remuneration

The Board has adopted policies and procedures to determine the remuneration of Directors and Senior Management of the Company. The Board is aware that competitive remuneration is important to attract, retain and motivate its Directors and Senior Management to lead the Group in the long term.

The RC reviewed the remuneration packages of the Executive Directors to ensure their remuneration is sufficiently attractive and is able to retain and motivate them to run the Company successfully.

The remuneration packages for Directors was determined by the Board as a whole following the relevant recommendations made by the RC, with the Directors concerned abstaining from deliberations and voting on his/her remuneration.

During FYE 2022, the main activities undertaken by the RC were as follows:

- Reviewed and recommended to the Board, the Directors' fees and benefits payable to the Directors for the FYE 2022.
- Reviewed and discussed the remuneration packages for the year 2022 for the Executive Directors.
- Reviewed and recommended to the Board, the revised Terms of Reference of the RC.

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

IV. Remuneration (cont'd)

The full terms of reference of the RC is available on the Company's website at www.adventa.com.my

Details of the Board's remuneration for FYE 2022 are set out as below: -

(i) Executive Directors

Name of Directors	Fee	Salary, Bonus and other emoluments	Benefits in Kind	Total
Low Chin Guan	31,200.00	286,242.80	–	317,442.80
Kwek Swee Leng	31,200.00	265,181.80	–	296,381.80

(ii) Non-Executive Directors

Name of Directors	Fees	Allowances	Total
Edmond Cheah Swee Leng	69,600.00	–	69,600.00
Toh Seng Thong	69,600.00	–	69,600.00
Dato' Selwyn Vijayarajan Das	48,000.00	–	48,000.00

The Directors' Fees of both Executive and Non-Executive Directors is subject to shareholders' approval annually.

The Board is of the view that it would not be in the best interest of the Company to make such detailed disclosure of Key Senior Management's remuneration on a named basis. Accordingly, such details are not disclosed in the Annual Report 2022 in view of the competitive market for talents in the industry and to support the Company's effort in attracting and retaining highly talented personnel.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

The AC of the Company comprises exclusively three (3) Independent Non-Executive Directors. The members of AC possess a wide range of necessary skills to discharge their duties. The Chairman of AC, Mr. Toh Seng Thong, is a separate person from the Chairman of the Board as the Board acknowledges that the AC, being an independent and objective body, should function as the Company's independent watchdog to ensure the integrity of financial controls and effective financial risk management. The performance of the members of the AC is reviewed by the NC annually.

The AC has adopted Policy – External and Internal Auditors to assess the suitability, objectivity and independence of the External Auditors. In line with the MCCG, the Board has revised the TOR of AC on 14 April 2022 to require the former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before he/she could be appointed as a member of the AC. In FYE 2022, none of the AC members was a former partner of the external audit firm of the Company i.e., the former partners of the audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.).

II. Risk Management and Internal Control Framework

The Risk Management Committee ("**RMC**") is responsible to manage and monitor risk management. The Group has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objective of the Group. The Board through the AC and RMC review the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. Risk Management and Internal Control Framework (cont'd)

The AC is established by the Board to provide independent oversight of the Company's internal and external audit functions, financial reporting, internal control systems and to ensure proper checks and balances within the Company.

The Board has established an internal audit function within the Company, which is led by the outsourced Internal Auditors, PKF Risk Management Sdn. Bhd. ("**IA**"), who reports directly to the AC as an integral part of the control structure and risk management framework of the Group.

During the FYE 2022, the AC is satisfied the IA has the necessary competencies, experience and sufficient resources to carry out the function effectively and independently.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control in this Annual Report 2022.

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

I. Effective Communication with Stakeholders

The Board recognises the importance of timely and high quality disclosure as a key component to uphold the principles and best practices of corporate governance for the Group. As such, maintaining an effective communication policy between members of the public and the Company is important to build trust and understanding between the Company and its various stakeholders.

The Board has in place a Policy on Shareholders Communications and Investor Relations to ensure that shareholders and the investment community are provided with timely and equal access to balanced and understandable information on the Company to enable shareholders to exercise their rights in an informed manner and to allow shareholders and the investment community to engage actively with the Company.

Shareholders may communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's website enquiry form on its website, www.adventa.com.my.

The Board also recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives is essential in maintaining a good relationship with investors.

Various communication channels are used for disseminating information to the shareholders and the investing public on a timely basis, i.e. AGM, Annual Report, quarterly announcements and corporate disclosures to Bursa Malaysia Securities, press releases, and investor and analyst briefings, the Company's website with updated information.

The Company has yet to adopt integrated reporting for FYE 2022 but the Board ensures there is continuous communication between the Company and its stakeholders to facilitate mutual understanding of the objectives and expectations.

Minutes of the Nineteenth ("19th") AGM has been made available to shareholders no later than 30 business days after the AGM on the Company's website at www.adventa.com.my.

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

II. Conduct of General Meetings

The AGM has been the main forum for shareholders to engage with the Board to facilitate a greater understanding of the Company's business, governance and performance.

The Notice of 19th AGM together with the explanatory notes of the background information and reports or recommendations that are relevant to the proposed resolutions, as well as the Form of Proxy, was sent to shareholders at least twenty-eight (28) days prior to the date of the 19th AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the 19th AGM, and to arrange for proxies to attend the 19th AGM on their behalf, if so required.

All Directors, Chairman of AC, RC and NC attended the 19th AGM held on 23 June 2022.

The Directors had actively responded to relevant questions addressed to them during the 19th AGM.

The representatives of external auditors and/or representatives of the Principal Adviser for the corporate exercise were also present to respond to the queries raised by the shareholders.

Compliance with MCCG

The Board is satisfied that during FYE 2022, the Company has complied with the best practices in MCCG on the application of the principles and best practices in corporate governance, except for those departures highlighted in the CG Report.

This Statement and the CG Report were approved by the Board of Directors of the Company on 13 April 2023.

ADDITIONAL COMPLIANCE **INFORMATION**

OTHER INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise any proceed during the financial year ended 31 December 2022.

2. Recurrent Related Party Transactions of Revenue Nature ("RRPTs"}

The RRPTs entered into by the Group during the financial year ended 31 December 2022 ("**FYE 2022**") were as follows:

Nature of RRPTs	Name of Company	Related Parties	Interested Directors and/or interested Major Shareholders	Aggregate value of the RRPTs during the FYE 2022
Rental of office Address: No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan Frequency of payment: monthly	Adventa Healthcare Sdn. Bhd.	Low Chin Guan	Low Chin Guan	RM153,000
Rental of office Address: No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan Frequency of payment: monthly	Adventa Berhad	Low Chin Guan	Low Chin Guan	RM102,000
Rental of factory Address : Lot 17503, Jalan 4, Taman Selayang, 68100 Batu Caves, Selangor Darul Ehsan Frequency of payment: monthly	Adventa Healthcare Sdn. Bhd.	Loriteh Sdn. Bhd.	Low Chin Guan (shareholder of Loriteh Sdn. Bhd.)	RM276,000
Distribution of healthcare products	Adventa Healthcare Sdn. Bhd.	Lucenxia (M) Sdn. Bhd.	Low Chin Guan (shareholder of Lucenxia (M) Sdn. Bhd.)	RM3,784,501

3. Audit and Non-Audit Fees

The audit and non-audit fees paid by the Group to external auditors or company affiliated to the external auditors' firm for the FYE 2022 were as follows: -

	Company (RM)	Group (RM)
Audit services rendered	83,000	129,000
Non-audit services rendered	11,000	11,000
Total	**94,000**	**140,000**

4. Material Contracts Involving Directors and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the FYE 2022 or, if not then subsisting, entered into since the end of the previous financial year.

5. Employee Share Scheme ("ESS")

The ESS which comprises the Employees' Share Option Scheme ("**ESOS**") and the Share Grant Plan ("**SGP**") of up to fifteen per centum (15%) of the total number of issued shares in the Company (excluding treasury shares of the Company, if any) for the eligible person(s) during the ESS period, approved by the shareholders at the Annual General Meeting of the Company held on 23 June 2022 was implemented on 12 October 2022. The ESS shall be in force for a period of five (5) years until 11 October 2027. During the financial year ended 31 December 2022, there were no ESOS and/or SGP granted or awarded to eligible person(s).

AUDIT COMMITTEE
REPORT

The Board of Directors of the Company ("**the Board**") is pleased to present the report of the Audit Committee ("**AC**") for the financial year ended 31 December 2022 ("**FYE 2022**") in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**").

COMPOSITION AND MEETINGS

The AC comprises three (3) members, which consist of all Independent Non-Executive Directors. This complies with Paragraphs 15.09(1)(a) and (b) of the Main LR of Bursa Malaysia Securities.

The Chairman of the AC, Mr. Toh Seng Thong is an Independent Non-Executive Director. In this respect, the Company complies with Paragraph 15.10 of the Main LR of Bursa Malaysia Securities. Furthermore, in compliance with Practice 9.1 of the Malaysian Code on Corporate Governance ("**MCCG**"), the Chairman of the AC is not the Chairman of the Board.

Mr. Toh Seng Thong and Mr. Edmond Cheah Swee Leng, being members of the Malaysian Institute of Accountants (MIA), fulfil the requirement of Paragraph 15.09(1)(c) of the Main LR of Bursa Malaysia Securities.

The term of office and performance of the AC and individual AC member has been reviewed by the Nomination Committee on 14 April 2022 in accordance with Paragraph 15.20 of the Main LR of Bursa Malaysia Securities. Having reviewed the results of the AC and individual AC member's performance, the Board is satisfied that the AC and individual AC members have been able to carry out their duties with care and diligence in accordance with the Terms of Reference of the AC for the FYE 2022.

During the FYE 2022, the AC conducted a total of five (5) meetings. The composition of the AC and the attendance of the respective members at the meetings during the FYE 2022 are disclosed as follows:-

Name	Designation	Directorship	Attendance
Mr. Toh Seng Thong	Chairman	Independent Non–Executive Director	5/5
Mr. Edmond Cheah Swee Leng	Member	Chairman / Senior Independent Non-Executive Director	5/5
Dato' Selwyn Vijayarajan Das	Member	Independent Non-Executive Director	5/5

The Terms of Reference of the AC is available for reference on the Company's website at www.adventa.com.my.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

1. OVERSIGHT OF THE FINANCIAL REPORTING PROCESS

During the FYE 2022, the AC carried out its duties as set out in its Terms of Reference. The AC discharged its oversight role by carrying out the following activities during the FYE 2022:

(a) Reviewed and discussed the quarterly and year-end financial statements, prior to recommendations to the Board. The key areas of focus are the following:

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with accounting standards and other legal requirements;
- significant matters highlighted in the financial statements; and
- significant judgements made by the Management.

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

1. OVERSIGHT OF THE FINANCIAL REPORTING PROCESS (Cont'd)

(b) The dates the AC met during the FYE 2022 to deliberate on financial reporting matters as detailed below:-

Date of meetings	Financial Reporting Statements Reviewed
23 February 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 December 2021
14 April 2022	Audited Financial Statements for the financial year ended 31 December 2021
27 May 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 March 2022
29 August 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 30 June 2022
28 November 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 September 2022

2. OVERSIGHT OF EXTERNAL AUDIT FUNCTION

During the FYE 2022, the AC:-

(a) Reviewed with the External Auditors, their audit plan including non-audit services for the FYE 2022, outlining the audit scope, methodology and timetable, audit materiality, area of focus, fraud considerations and the risk of management override and also the new and revised auditors reporting standards.

(b) Discussed and considered the significant accounting adjustments, auditing issues and management letter arising from the interim audit as well as the final audit with the External Auditors.

(c) Met with the External Auditors on 23 February 2022 and 28 November 2022 without the presence of the Executive Director and the Management.

(d) Assessed the performance of the External Auditors for the financial year ended 31 December 2021 covering areas such as suitability, objectivity and independence as well as the audit and non-audit fees of the External Auditors.

(e) Considered and recommended the re-appointment of External Auditors for the ensuing year.

Messrs. Moore Stephens Associates PLT ("**MSA**") declared their independence and confirmed that they were not aware of any relationship between MSA and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

The AC was satisfied with the independence, suitability and performance of MSA, and recommended to the Board for approval, the re-appointment of MSA as the External Auditors for the ensuing year at the Nineteenth Annual General Meeting of the Company.

AUDIT COMMITTEE REPORT

CONT'D

3. OVERSIGHT OF INTERNAL AUDIT FUNCTION

In discharging its duties and responsibilities, the AC is supported by an independent and adequately resources internal audit function. The internal audit function is outsourced to PKF Risk Management Sdn. Bhd. ("**Internal Auditors**"), an independent professional services firm which assesses the adequacy, efficiency and effectiveness of the Group's internal control and risk management system.

During the FYE 2022, the internal audit function carried out audits in accordance with the internal audit plan approved by the AC. The results of the internal audit reviews and the recommendations for the enhancement of existing controls were duly presented to the AC. The AC has full access to the Internal Auditors and has received reports on audits performed.

The internal audits were performed using a risk-based approach and focused on:-

(a) reviewing identified high-risk areas for compliance with established policies, procedures, rules, guidelines, laws and regulations;

(b) evaluating the adequacy of controls for safeguarding assets; and

(c) identifying business risks which have not been appropriately addressed.

During the FYE 2022, the AC performed the following activities:

(a) Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities.

(b) Reviewed the internal audit report relating to procurement and sales management of the Group.

(c) Reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective management's response thereon, and monitored the implementation recommendations and action plans.

(d) Sought and obtain periodic updates from Internal Auditors on the status of implementation of post-audit recommendations from previous, as well as current, internal audit cycles.

The professional fees incurred for the internal audit function in respect of FYE 2022 amounted to RM15,000/-.

4. OTHER ACTIVITIES

(a) Reviewed the contents of the AC Report and Statement on Risk Management and Internal Control and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report prior to recommendation to the Board for approval.
(b) Reviewed related party transactions and the adequacy of the Group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner.
(c) Reviewed and recommended to the Board for approval the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
(d) Received updates from the External Auditors on the new developments and amendments in disclosure requirements arising from the new and amended Malaysian Financial Reporting Standards and IC interpretation, Companies Act 2016 and the amendments to the Main LR of Bursa Malaysia Securities.
(e) Reviewed the proposed disposal of 10,999 ordinary shares representing 99.99% indirect interest in PT Humana Medical International, a subsidiary company of Adventa Berhad to Low Chin Guan.

BOARD'S CONCLUSION

The Board is satisfied that the AC and its members have carried out their functions, duties and responsibilities in accordance with the Terms of Reference of the AC and that there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

The Statement on Risk Management and Internal Control Statement ("**Statement**") is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") in accordance with the Practices and Guidance relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD OF DIRECTORS' ("BOARD") RESPONSIBILITIES

The Board recognises and affirms its overall responsibility for the system of risk management and internal control of the Company and its subsidiaries ("**the Group**") for good corporate governance. Due to the limitations that are inherent in any internal control system, the Group's system of internal control can only manage the Group's risks within an acceptable risk profile rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable and not absolute assurance against material misstatement, potential loss or fraud. Notwithstanding this, the Board requires that the procedures and controls in place are subject to regular review as part of an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has received assurance from the Chief Executive Officer and Executive Director that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year ended 31 December 2022 ("**financial year under review**") and up to the date of this Statement.

The Board has extended the responsibilities of the Audit Committee ("**AC**") to include the role of reviewing and monitoring the effectiveness of the Group's internal control system. The AC receives assurance reports from the Internal Auditors on findings from audits carried out at operating units, and the External Auditors on areas for improvement identified during the course of the statutory audit.

The Report of the AC is set out on pages 22 to 24 of the Annual Report 2022.

RISK MANAGEMENT

The oversight of the Group's risk management process is the responsibility of the Chief Executive Officer who is assisted by the heads of departments of the respective operating companies. During the financial year under review, the Group monitored significant risks and risk mitigation strategies on an ongoing basis through its Management at the Risk Management Committee ("**RMC**") meetings and Board meetings. Under the purview of the RMC, the respective heads of each operating subsidiary and department of the Group are empowered with the responsibility of managing their respective operations. Its functions include, inter alia:

- developing risk management framework;
- coordinate the updating of the risk profile;
- monitor the implementation of action plans; and
- review and assess the applicability of the control environment in mitigating risk.

In view of a constantly changing environment and competitive landscape, the Board is committed in maintaining a system of internal control that comprises the following environment, key processes and monitoring systems: -

- An annual risk assessment analysis that assists the Management in continuously identifying significant risks associated with key processes within a changing business and operating environment;
- The AC, through the RMC, reviews the adequacy and effectiveness of the Group's risk management and internal control procedures as well as any internal control issues identified by the Internal Auditors and External Auditors. This also involves identifying alternative controls to reduce the risk identified;
- The AC, through the Internal Audit, assess the potential financial and non-financial impacts to the business risk identified and with the assistance of the RMC formulate and develop an action plan to address the risk with a timeline; and
- The RMC will update the risk profile of operating companies and Group, monitor and update progress to the AC annually.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

CONT'D

RISK MANAGEMENT (CONT'D)

The Enterprise Risk Management ("**ERM**") framework, risks and control measures established by the Company are documented and compiled by the RMC to represent the risk profile of the operating companies which in turn are consolidated to form the risk profile of the Group. Risk profiles are reviewed and updated on a yearly basis. Meetings are held at least once a year in which the updated risk profile will be deliberated by the AC before reporting to the Board.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect the current conditions.

INTERNAL AUDIT FUNCTION

The Internal Audit Function adopts a risk-based approach, is guided by the International Professional Practice Framework (IPPF) and prepares its strategies and plans for AC's approval prior to the execution of internal audit assessments. Internal audit reviews the internal controls in the key activities of the Group's businesses.

The internal audit team from PKF Risk Management Sdn. Bhd. ("**PKF**"), the independent consulting firm to which the Internal Audit Function has been outsourced, assesses the adequacy and effectiveness of the internal control system based on the scope of work approved by the AC and reports to the AC directly on its findings and recommendations for improvement. The Internal Auditors also review the extent to which its recommendations have been accepted and implemented by the Management. The AC reviews internal audit reports and management responses thereto and ensures significant findings especially control deficiencies are adequately addressed and rectified by the Management of the operating units concerned. The AC reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The Internal Auditors, which report directly to the AC, conduct reviews on the adequacy and effectiveness of the Group's system of internal controls that the Management has put in place. These audits review the internal controls in the key activities of the Group's business based on a three (3)-years detailed internal audit plan approved by the AC. Based on these audits, the Internal Auditors provide the AC with Annual Internal Audit Report highlighting observations, recommendations and management action plans to improve the system of internal control.

During the financial year under review, the AC with the assistance of the external professional consulting firm, PKF, reviewed the adequacy and integrity of the Group's internal control systems relating to Procurement and Sales Management. There were no material issues highlighted by PKF during the financial year under review.

The Engagement Partner, Dato' Josephine Low, a Certified Internal Auditor and Certified Information Systems Auditor, has a diverse professional experience in internal audit, risk management and corporate governance advisory, and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. Upon conducting a review on the Internal Audit Function, the AC concluded that the Internal Audit function is independent and PKF has performed their audit assignments with impartiality, proficiency and due professional care for the financial year under review.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:-

- a well-defined organisational structure with clear reporting lines and accountabilities;
- clearly defined internal policies and procedures for key processes to ensure full compliance by all operating units and to minimise operating risks;
- close monthly monitoring and review of financial results and forecasts for all operating units by the Managing Director; and
- clear reporting structures to ensure proper monitoring of the Group's operations together with regular quarterly reports which monitor the Group's performance.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited procedures on this Statement on Risk Management and Internal Control for the inclusion in the Annual Report 2022 of the Company in accordance with Malaysian Approved Standard on Assurance Engagements, International Standard on Assurance Engagement (ISAE) 3000 (Revised), *Assurance Engagement Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls. Their work performance is restricted to the requirements by Paragraph 15.23 of the MMLR of Bursa Malaysia Securities.

OPINION OF THE BOARD

The improvement of the system of internal control is an ongoing process and the Board maintains an ongoing commitment to strengthening the Group's internal control and risk management environment and processes.

Based on the internal processes which have been put into place by the Management, as well as the activities carried out by and subsequent reports of the outsourced Internal Audit function, the Board is of the view that the Group's system of internal control and risk management is sufficiently sound and adequate to safeguard the shareholders' investments and Group's assets for the financial year under review.

This statement is made in accordance with a resolution of the Board of Directors dated 13 April 2023.

RESPONSIBILITY STATEMENT **BY THE BOARD OF DIRECTORS**

The Directors are required under the provisions of the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries ("**the Group**") at the end of the financial year and their results and cash flows of the Group. In preparing the financial statements for the financial year ended 31 December 2022 in this 2022 Annual Report, the Directors have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, as well as ensured that all applicable accounting standards in Malaysia have been followed.

The Directors have ensured that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and ensured that the financial statements comply with the provision of the Companies Act 2016, Main Market Listing Requirements of Bursa Securities Malaysia Berhad and all applicable accounting standards in Malaysia.

The Directors also have general responsibilities for taking the necessary steps to safeguard the assets of the Group and to detect and prevent fraud as well as other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 13 April 2023.

TABLE OF **CONTENTS**

DIRECTORS' **REPORT**

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities and other information of its subsidiaries are set out in Note 16 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net loss for the financial year	(5,205,200)	(879,426)
Attributable to:		
- Owners of the Company	(5,141,551)	
- Non-controlling interests	(63,649)	
	(5,205,200)	

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:

Kwek Siew Leng *
Low Chin Guan *
Edmond Cheah Swee Leng
Toh Seng Thong
Dato' Selwyn Vijayarajan Das

* *Being a Director of one or more subsidiaries*

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016 ("Act"), the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of this report are as follows:

Galabada Payagalage Dinesh Udayakantha	
Ang Teck Koon	(Appointed on 26 August 2022)
Datuk Mark Victor Rozario	(Appointed on 29 July 2022)
Ary Gunawan	(Appointed on 29 July 2022)
Tan Xi Yi	(Resigned on 1 February 2023)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Act, the interest of Directors in office at the end of the financial year in shares or debentures of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
	At 01.01.2022 Unit	**Acquired Unit**	**Sold Unit**	**At 31.12.2022 Unit**
Name of Director:				
Ordinary shares in the Company				
Direct interest:				
- Kwek Siew Leng	–	500,000	–	500,000
- Low Chin Guan	59,035,652	–	–	59,035,652

Low Chin Guan is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares of the Company to the extent that the Company has an interest.

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

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM
Fees	249,600
Salaries and other emoluments	462,000
Contributions to defined contribution plan	87,780
Social security contributions	1,645
	801,025

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in Note 10 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for those as disclosed in Note 27 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object 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.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value 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.

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

   (iv) 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)

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors of the Company and its subsidiaries as remuneration for their services for the financial year are as set out in Note 8 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 to the financial statements.

EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Details of event subsequent to the end of financial year are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 13 April 2023.

KWEK SIEW LENG

LOW CHIN GUAN

STATEMENT **BY DIRECTORS**

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 39 to 122 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 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 13 April 2023.

KWEK SIEW LENG

LOW CHIN GUAN

STATUTORY **DECLARATION**

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

I, KWEK SIEW LENG (MIA No.: 22423), being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 39 to 122 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 13 April 2023.

KWEK SIEW LENG

Before me,
Tan Kim Chooi (W661)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVENTA BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Adventa Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 IESBA Code.

Key Audit Matters

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

Recoverability Assessment of Trade Receivables

As at 31 December 2022, as shown in Note 19 to the financial statements, the Group has net trade receivables balance of RM20,786,863, representing approximately 28% of the Group's total assets. During the financial year, the Group has recognised an additional impairment loss of RM1,108,969 for its trade receivables.

The impairment losses have been determined in accordance with Expected Credit Loss ("ECL") model which requires significant judgements and estimation to determine the recoverability of the trade debts.

We have identified recoverability on trade receivables as a key audit matter because of the significance of trade receivables in the financial statements both in amount and nature and the significant judgements required for the determination of the amount of impairment loss required as mentioned above.

Our audit procedures performed and responses thereon

We have performed the following audit procedures in relation to the recoverability assessment of trade receivables:

- Made inquiries of management regarding the action plans to recover overdue amounts and how the management identifies and assesses impairment of trade receivables;
- Reviewed the reliability of ageing of trade receivables as at year end and considered the credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- Reviewed subsequent settlement of trade receivables after the financial year end, if any;
- Reviewed management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisions with reference to historical payment pattern of different customer profiles, historical trend of bad debts or impairment provided for and forward-looking information as well as its correlation with macroeconomic factors; and
- Circulated confirmation letters to debtors to ascertain validity of the balance of debtors as at financial year end.

INDEPENDENT AUDITORS' REPORT

CONT'D

Key Audit Matters (cont'd)

Impairment Assessment of the Company's Investment in Subsidiaries

As at 31 December 2022, as shown in Note 16 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM36,057,053, representing approximately 48% of the Company's total assets.

A history of recent losses and/or significant accumulated losses recorded by certain subsidiaries has resulted in multiple indications that the carrying amounts of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amounts of the investment in subsidiaries based on the higher of value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast and projections approved by the Directors covering a three-year period or fair value less costs of disposal (as the case may be).

We have identified the impairment review of investment in subsidiaries as a key audit matter as impairment test involves significant management judgements in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculation. The recoverable amounts of the Company's investment in subsidiaries are highly sensitive to key assumptions applied in respect of revenue growth, gross margin and the pre-tax discount rate used in the cash flows projections. A small change in the assumptions can have a significant impact on the estimation of the recoverable amount.

Our audit procedures performed and responses thereon

We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and the estimate of fair value less costs of disposal:

- Assessed the cash flows forecast and projections which was approved by the Directors against recent performance and the mathematical accuracy of the projections;
- Assessed and compared the key assumptions including projected revenue, gross margin and the pre-tax discount rate used against our knowledge of the individual subsidiary's historical performance, business and cost management strategies based on facts and circumstances currently available;
- Reviewed the pre-tax discount rate used by the Company's cost of capital and relevant risk factors;
- Performed sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the investment in subsidiaries; and
- Assessed the adjusted net assets of the subsidiary in deriving the recoverable amounts of the investment in subsidiaries to estimate fair value of the subsidiary.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report 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 Annual Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

CONT'D

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 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 contents of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

LO KUAN CHE
03016/11/2024 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 13 April 2023

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Continuing operations					
Revenue	4	59,000,308	97,580,561	960,000	709,200
Cost of sales	5	(49,487,485)	(82,140,557)	–	–
Gross profit		9,512,823	15,440,004	960,000	709,200
Other income	6	487,275	3,762,029	1,392,732	1,536,281
Administrative expenses		(7,075,853)	(6,126,342)	(2,015,062)	(1,813,347)
Selling and marketing expenses		(1,035,695)	(1,934,364)	–	–
Other expenses		(6,471,536)	(3,104,990)	(1,217,096)	(1,680,890)
(Loss)/Profit from operations		(4,582,986)	8,036,337	(879,426)	(1,248,756)
Finance costs	7	(162,047)	(136,995)	–	–
Share of result of an associate, net of tax	17	(20,066)	(340,230)	–	–
(Loss)/Profit before tax	8	(4,765,099)	7,559,112	(879,426)	(1,248,756)
Income tax (expense)/credit	11	(440,101)	348,376	–	–
(Loss)/Profit from continuing operations, net of tax		(5,205,200)	7,907,488	(879,426)	(1,248,756)
Discontinued operations					
Profit from discontinued operations, net of tax	16(b)(iii)	–	5,090,183	–	–
(Loss)/Profit for the financial year, net of tax		(5,205,200)	12,997,671	(879,426)	(1,248,756)
Other comprehensive income ("OCI"), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations:					
- from continuing operations		(155,484)	(1,737)	–	–
- from discontinued operations	16(b)(iii)	–	81,139	–	–
Share of other comprehensive income of an associate	17	–	1,271	–	–
Other comprehensive income for the financial year, net of tax		(155,484)	80,673	–	–
Total comprehensive income for the financial year, net of tax		(5,360,684)	13,078,344	(879,426)	(1,248,756)

STATEMENTS OF COMPREHENSIVE INCOME

CONT'D

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit attributable to:					
Owners of the Company:					
- from continuing operations		(5,141,551)	7,902,234	(879,426)	(1,248,756)
- from discontinued operations		–	5,223,131	–	–
		(5,141,551)	13,125,365	(879,426)	(1,248,756)
Non-controlling interests:					
- from continuing operations		(63,649)	5,254	–	–
- from discontinued operations		–	(132,948)	–	–
		(63,649)	(127,694)	–	–
		(5,205,200)	12,997,671	(879,426)	(1,248,756)
Total comprehensive income attributable to:					
Owners of the Company:					
- from continuing operations		(5,294,930)	7,902,619	(879,426)	(1,248,756)
- from discontinued operations		–	5,269,108	–	–
		(5,294,930)	13,171,727	(879,426)	(1,248,756)
Non-controlling interests:					
- from continuing operations		(65,754)	4,403	–	–
- from discontinued operations		–	(97,786)	–	–
		(65,754)	(93,383)	–	–
		(5,360,684)	13,078,344	(879,426)	(1,248,756)
Basic (loss)/earnings per ordinary share attributable to Owners of the Company (sen):	12				
- from continuing operations		(3.37)	5.17		
- from discontinued operations		–	3.42		
		(3.37)	8.59		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	7,852,281	8,430,650	243,055	449,251
Right-of-use assets	14	6,271,118	6,510,446	–	–
Intangible assets	15	54,870	54,870	–	–
Investment in subsidiaries	16	–	–	36,057,053	36,056,726
Investment in associates	17	–	20,066	–	359,025
Deferred tax assets	18	425,800	833,000	–	–
Trade and other receivables	19	–	8,000,000	–	8,000,000
		14,604,069	23,849,032	36,300,108	44,865,002
Current Assets					
Inventories	20	19,747,136	22,920,912	–	–
Trade and other receivables	19	27,893,019	43,577,100	37,872,808	34,378,397
Tax recoverable		1,165,575	581,678	37,280	37,280
Fixed deposits placed with licensed banks	21(i)	2,750,000	1,000,000	–	–
Cash and bank balances	21(ii)	8,195,369	6,804,737	218,120	846,851
		59,751,099	74,884,427	38,128,208	35,262,528
TOTAL ASSETS		74,355,168	98,733,459	74,428,316	80,127,530
EQUITY AND LIABILITIES					
Equity					
Share capital	22	57,680,204	57,680,204	57,680,204	57,680,204
Retained earnings		5,456,935	10,598,486	16,207,101	17,086,527
Foreign currency translation reserve	23	(153,623)	(244)	–	–
Total equity attributable to Owners of the Company		62,983,516	68,278,446	73,887,305	74,766,731
Non-controlling interests	16(c)	(12,978)	20,423	–	–
Total Equity		62,970,538	68,298,869	73,887,305	74,766,731
Non-Current Liability					
Lease liability	24	–	66,633	–	–
Current Liabilities					
Trade and other payables	25	10,747,805	29,540,794	541,011	5,360,799
Loans and borrowings	26	540,696	718,697	–	–
Lease liability	24	66,633	80,008	–	–
Tax payable		29,496	28,458	–	–
		11,384,630	30,367,957	541,011	5,360,799
Total Liabilities		11,384,630	30,434,590	541,011	5,360,799
TOTAL EQUITY AND LIABILITIES		74,355,168	98,733,459	74,428,316	80,127,530

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF
CHANGES IN EQUITY
AS AT 31 DECEMBER 2022

		← Attributable to Owners of the Company →					
		← Non-Distributable →					
	Note	**Share Capital RM**	**Foreign Currency Translation Reserve RM**	**(Accumulated Loss)/ Distributable Retained Earnings RM**	**Total RM**	**Non-Controlling Interests RM**	**Total Equity RM**
Group							
2021							
At 1 January 2021		57,680,204	58,582	(2,526,879)	55,211,907	(976,872)	54,235,035
Loss net of tax		–	–	13,125,365	13,125,365	(127,694)	12,997,671
Other comprehensive income:							
- Foreign currency translation differences for foreign operations		–	45,091	–	45,091	34,311	79,402
- Share of other comprehensive income of an associate		–	1,271	–	1,271	–	1,271
Total other comprehensive income		–	46,362	–	46,362	34,311	80,673
Total comprehensive income for the financial year		–	46,362	13,125,365	13,171,727	(93,383)	13,078,344
Transactions with Owners of the Company:							
- Disposal of subsidiaries	16(b)(v)	–	–	–	–	1,090,678	1,090,678
- Reclassification of foreign currency translation reserve upon disposal of foreign subsidiaries	16(b)(v)	–	(105,188)	–	(105,188)	–	(105,188)
Total transactions with Owners of the Company		–	(105,188)	–	(105,188)	1,090,678	985,490
At 31 December 2021		57,680,204	(244)	10,598,486	68,278,446	20,423	68,298,869

STATEMENTS OF CHANGES IN EQUITY

CONT'D

	Note	Attributable to Owners of the Company – Non-Distributable: Share Capital RM	Attributable to Owners of the Company – Non-Distributable: Foreign Currency Translation Reserve RM	Attributable to Owners of the Company – Distributable: Retained Earnings/ (Accumulated Loss) RM	Attributable to Owners of the Company: Total RM	Non-Controlling Interests RM	Total Equity RM
Group							
2022							
At 1 January 2022		57,680,204	(244)	10,598,486	68,278,446	20,423	68,298,869
Loss net of tax		–	–	(5,141,551)	(5,141,551)	(63,649)	(5,205,200)
Other comprehensive income:							
- Foreign currency translation differences for foreign operations, representing total other comprehensive income		–	(153,379)	–	(153,379)	(2,105)	(155,484)
Total comprehensive income for the financial year		–	(153,379)	(5,141,551)	(5,294,930)	(65,754)	(5,360,684)
Transactions with Owners of the Company:							
- Incorporation of a subsidiary		–	–	–	–	32,353	32,353
At 31 December 2022		57,680,204	(153,623)	5,456,935	62,983,516	(12,978)	62,970,538

STATEMENTS OF CHANGES IN EQUITY

CONT'D

	Share Capital RM	Distributable Retained Earnings RM	Total Equity RM
Company			
2021			
At 1 January 2021	57,680,204	18,335,283	76,015,487
Loss net of tax, representing total comprehensive income for the financial year	–	(1,248,756)	(1,248,756)
At 31 December 2021	57,680,204	17,086,527	74,766,731
2022			
At 1 January 2022	57,680,204	17,086,527	74,766,731
Loss net of tax, representing total comprehensive income for the financial year	–	(879,426)	(879,426)
At 31 December 2022	57,680,204	16,207,101	73,887,305

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF **CASH FLOWS**

FOR YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax					
- from continuing operations		(4,765,099)	7,559,112	(879,426)	(1,248,756)
- from discontinued operations	16(b)(iii)	–	5,090,183	–	–
		(4,765,099)	12,649,295	(879,426)	(1,248,756)
Adjustments for:					
Depreciation of property, plant and equipment		827,096	887,650	206,196	236,478
Depreciation of right-of-use assets		239,328	369,237	–	–
Gain on derecognition of right-of-use assets		–	(15,344)	–	(3,057)
Interest expense		162,047	158,272	–	–
Interest income		(178,875)	(395,302)	(1,392,349)	(1,530,167)
Inventories written off		–	39,034	–	–
(Loss)/Gain on disposal of subsidiaries	16(b)(v)	–	(7,312,749)	–	582,375
Loss on disposal of property, plant and equipment		–	938	–	938
Net additions/(reversal) of impairment loss on:					
- Investment in an associate	17	–	–	359,025	–
- Trade receivables	29(i)	1,108,969	(2,079,265)	–	–
- Other receivables		2,150,447	–	–	–
Reversal of over-accrued commission		–	(1,224,047)	–	–
Share of result of an associate		20,066	340,230	–	–
Unrealised loss/(gain) on foreign exchange		112,164	64,579	(120)	(3,057)
Operating (loss)/profit before changes in working capital		(323,857)	3,482,528	(1,706,674)	(1,965,246)
Changes in working capital:					
Inventories		3,076,661	(7,752,998)	–	–
Trade and other receivables		10,402,825	(24,401,946)	(12,778)	58,162
Trade and other payables		(12,104,234)	14,367,480	(119,954)	91,006
Cash generated from/(used in) operations		1,051,395	(14,304,936)	(1,839,406)	(1,816,078)
Interest paid		(162,047)	(158,272)	–	–
Interest received		178,875	28,635	1,392,349	119,167
Tax paid		(608,088)	(581,948)	–	(15,467)
Net cash from/(used in) operating activities		460,135	(15,016,521)	(447,057)	(1,712,378)

STATEMENTS OF CASH FLOWS

CONT'D

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows from Investing Activities					
Net advances to an associate		(1,260,570)	(889,877)	–	–
Net repayment from related parties		10,881,067	–	10,881,067	–
Net advances to subsidiaries		–	–	(6,362,700)	(9,342,927)
Net cash inflows/(outflows) from:					
- Disposal of subsidiaries	16(b)(vi)	–	7,713,000	–	10,917,625
- Investment in subsidiaries		–	–	(327)	–
- Investment in an associate		–	(359,025)	–	(359,025)
- Non-controlling interest arising from incorporation of a subsiadiary		32,353	–	–	–
Net (placement)/upliftment of deposits pledged		(1,662,969)	488,868	–	–
Payment for development costs		–	(48,274)	–	–
Proceeds from disposal of property, plant and equipment		–	4,643	–	19,190
Purchase of property, plant and equipment		(248,727)	(593,675)	–	(81,676)
Net cash from investing activities		7,741,154	6,315,660	4,518,040	1,153,187
Cash Flows from Financing Activities					
Net (repayment to)/advances from related parties	(iii)	(1,281,556)	4,361,804	–	–
Net advances from/ (repayment to) subsidiaries	(iii)	–	–	300,000	(16,800)
Net (repayment)/drawdown of loans and borrowings	(iii)	(178,001)	218,697	–	–
Net repayment to a Director	(iii)	(4,999,834)	–	(4,999,834)	–
Payment for the principal portion of lease liability	(ii), (iii)	(80,008)	(215,037)	–	–
Net cash (used in)/from financing activities		(6,539,399)	4,365,464	(4,699,834)	(16,800)
Net increase/(decrease) in cash and cash equivalents		1,661,890	(4,335,397)	(628,851)	(575,991)
Effect of exchange rate changes on cash and cash equivalents		(184,227)	(45,106)	120	–
Cash and cash equivalents at beginning of the financial year		6,676,706	11,057,209	846,851	1,422,842
Cash and cash equivalents at end of the financial year	(i)	8,154,369	6,676,706	218,120	846,851

STATEMENTS OF CASH FLOWS

CONT'D

Note:

(i) Cash and cash equivalents comprise:

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Fixed deposits placed with licensed banks		2,750,000	1,000,000	–	–
Cash and bank balances		8,154,369	6,676,706	218,120	846,851
Pledged deposits to licensed banks		41,000	128,031	–	–
		8,195,369	6,804,737	218,120	846,851
		10,945,369	7,804,737	218,120	846,851
Less:					
- Fixed deposits pledged as collateral	21(i)	(2,750,000)	(1,000,000)	–	–
- Pledged deposits as performance bond	21(ii)	(41,000)	(128,031)	–	–
		8,154,369	6,676,706	218,120	846,851

(ii) Cash outflows for lease as a lessee are as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Included in net cash from/(used in) operating activities:				
- Interest paid in relation to lease liability	(9,080)	(16,537)	–	–
- Payment relating to short-term leases	(576,919)	(514,036)	(102,000)	(102,000)
Included in net cash (used in)/from financing activities:				
- Payment for the principal portion of lease liability	(80,008)	(215,037)	–	–
Total outflows for leases	(666,007)	(745,610)	(102,000)	(102,000)

STATEMENTS OF CASH FLOWS

CONT'D

(iii) The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	Amount due to related parties RM	Amount due to a Director RM	Borrowings RM	Lease liability RM	Total RM
Group					
2022					
At beginning of the financial year	4,361,804	5,000,000	718,697	146,641	10,227,142
Drawdown	–	–	15,898,826	–	15,898,826
Net repayment to	(1,281,556)	(4,999,834)	(16,076,827)	(80,008)	(22,438,225)
Net changes from financing cash flows	(1,281,556)	(4,999,834)	(178,001)	(80,008)	(6,539,399)
Effect of exchange rate changes	(210,871)	–	–	–	(210,871)
Interest expense	–	–	152,967	9,080	162,047
Interest paid	–	–	(152,967)	(9,080)	(162,047)
At the end of the financial year	2,869,377	166	540,696	66,633	3,476,872
2021					
At beginning of the financial year	8,500,000	6,500,000	1,500,000	1,308,149	17,808,149
Additions (Note 14)	–	–	–	192,959	192,959
Derecognition	–	–	–	(701,767)	(701,767)
Disposal of subsidiaries [Note 16(b)(v)]	(8,500,000)	(1,500,000)	(1,000,000)	(437,663)	(11,437,663)
Drawdown	–	–	10,190,872	–	10,190,872
Net advances from/ (repayment to)	4,361,804	–	(9,972,175)	(215,037)	(5,825,408)
Net changes from financing cash flows	4,361,804	–	218,697	(215,037)	4,365,464
Interest expense	–	–	141,735	16,537	158,272
Interest paid	–	–	(141,735)	(16,537)	(158,272)
At the end of the financial year	4,361,804	5,000,000	718,697	146,641	10,227,142

STATEMENTS OF CASH FLOWS

CONT'D

(iii) The reconciliation of the movements of liabilities to cash flows arising from financing activities: (cont'd)

	Amount due to subsidiaries RM	Amount due to a Director RM	Lease liability RM	Total RM
Company				
2022				
At beginning of the financial year	–	5,000,000	–	5,000,000
Net advances from/(repayment to), representing net changes from financing cash flows	300,000	(4,999,834)	–	(4,699,834)
At the end of the financial year	300,000	166	–	300,166
2021				
At beginning of the financial year	16,800	5,000,000	116,562	5,133,362
Derecognition	–	–	(116,562)	(116,562)
Net repayment to, representing net changes from financing cash flows	(16,800)	–	–	(16,800)
At the end of the financial year	–	5,000,000	–	5,000,000

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS
– 31 DECEMBER 2022

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services. The principal activities and other information of its subsidiaries are set out in Note 16.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 to 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application on MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted (cont'd)

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except otherwise disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and 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.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Impairment of financial assets and receivables

The Group and the Company assess on a forward-looking basis the expected credit loss associated with their debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (cont'd)

(i) Impairment of financial assets and receivables

For trade receivables, the Group applies the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information (if any). If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 19.

For other receivables and amounts due from an associate, subsidiaries and related parties, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(iii) Carrying value of investment in subsidiaries

The Company determines whether its investment in subsidiaries is impaired by evaluating the extent to which the recoverable amount of the investment in subsidiaries is less than its carrying amount.

Significant judgements are required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investment in subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

<u>Consolidation</u>

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. The resulting difference is recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries 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 interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in the profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in the profit or loss or 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.

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 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.

Goodwill is initially measured at cost, being 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 fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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

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

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

Subsidiaries

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

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to Owners of the Company. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decrease 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 the profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Investment in an associate is measured in the Company's statement of financial position at cost less any accumulated impairment losses. The cost of investment includes transaction costs. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

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

(b) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period in which they arise, except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

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

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to the profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to the profit or loss in respect of all other partial disposals.

(c) Revenue and other income recognition

Revenue from contracts with customers

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 and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect 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 sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate 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.

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. 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 and the Company's performance as the Group and the Company perform;
- The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue and other income recognition (cont'd)

Revenue from contracts with customers (cont'd)

Continuing operations

Sales of goods

Revenue from the sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and services taxes and discounts.

Storage and warehouse handling services

Revenue from storage and warehouse handling services is recognised in the profit or loss when the services are rendered.

Management fee

Management fee is recognised when services are rendered.

Discontinued operations

Rental income

Rental income from dialysis machine is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Sales of goods

Revenue from the sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and services taxes and discounts.

Services rendered

Revenue from services rendered are recognised in the profit or loss when the services are performed.

Other revenue earned by the Group and the Company is recognised on the following basis:

Continuing and Discontinued operations

Interest income

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

(d) Employee benefits

Short-term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leaves 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 absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Employee benefits (cont'd)

Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). The subsidiaries outside Malaysia make contributions to the relevant state pension scheme. Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

Interest incurred on borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs ceased when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year from domestic and foreign operations, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the statements 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 at the time of transaction which 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 apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets 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 benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases

As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use assets and lease liabilities are presented as a separate line in the statements of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are as follows:

Leasehold land	40 years
Motor vehicles	10 years
Premises	2 years

If right-of-use asset relates to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(o)(ii).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not then it is an operating lease.

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, whichever is earlier. When an operation is classified as a discontinued operation, the comparative statements of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(i) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of all dilutive potential ordinary shares, if any.

(j) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

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. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in the profit or loss as incurred.

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Building	2.5%
Computers	25%
Machineries	14%
Motor vehicles	10%
Furniture and fittings, renovation, signboard, office, warehouse, factory, lab and medical equipment	10% – 20%

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(k) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash-generating units and is measured at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in subsidiary in the profit or loss.

Discontinued operations

Development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred.

Expenditure on the development activities is also recognised as an expense in the period incurred except when the expenditure meets the following criteria where it will be capitalised as intangible assets:

(i) the product or process is clearly defined and costs are separately identified and can be measured reliably;
(ii) the technical feasibility of the product is demonstrated;
(iii) the product or process will be sold or used in-house;
(iv) the assets will generate future economic benefits (e.g. potential market exists for the product or its usefulness, in case of internal use, is demonstrated); and
(v) adequate technical, financial and other resources required for completion of the project are available.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Intangible assets (cont'd)

Discontinued operations (cont'd)

Development costs (cont'd)

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of the development costs for the comparative periods are 20 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

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

(l) Inventories

Finished goods

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

The cost of inventories is measured based on first-in, first-out ("FIFO") cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and fixed deposits placed with licensed banks that 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 statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

<u>Amortised cost</u>

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(o)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 3(o)(i)).

Financial liabilities

<u>Amortised cost</u>

The financial liabilities of the Group and of the Company are initially recognised as amortised cost. Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (cont'd)

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of *MFRS 15 Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment

(i) Financial assets

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

Loss allowances of the Group and of the Company are measured on either of the following basis:

(i) 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – trade receivables

The Group applies the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach – other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors of its subsidiary in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company was exposed to credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether 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.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

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 or the Company determines 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 or the Company's procedures for recovery of amounts due. Any recoveries made are recognised in the profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

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

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Equity instruments

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

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and
(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment date for comparative purposes.

(r) Contingent liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at end of the reporting period 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. If 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.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of comprehensive income net of any reimbursement.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Continuing operations					
Healthcare business:					
- Distribution of medical and healthcare equipment	(i)	58,905,088	97,580,561	–	–
Management fee	(ii)	–	–	960,000	709,200
Warehousing provider:					
- Storage and warehouse handling fee	(iii)	95,220	–	–	–
		59,000,308	97,580,561	960,000	709,200
Discontinued operations					
Healthcare business:					
- Distribution of medical and healthcare equipment	(i)	–	481,598	–	–
- Renal dialysis treatment	(iv)	–	995,808	–	–
		–	1,477,406	–	–
		59,000,308	99,057,967	960,000	709,200
Timing of revenue recognition:					
- Point in time		59,000,308	99,057,967	960,000	709,200

The disaggregation of revenue by segment and geographical market is disclosed in Note 28.

Continuing operations

(i) Distribution of medical and healthcare equipment

The Group is engaged in the distribution of medical and healthcare equipment, appliances and medical disposal products including personal protective equipment to its customers.

Performance obligation ("PO")

The contracts with customers are bundled and consist of obligations for the sale of goods and delivery of the said goods to its customers in some instances. Contracts for bundled services are comprised of multiple POs and are capable of being distinct and separately identifiable. However, the management has assessed that the delivery obligation is primarily a value-added fulfilment service and is not considered to be a significant distinct PO. Accordingly, the contract with customers is considered as a single PO and is satisfied at point in time basis.

Timing of recognition/Unsatisfied PO

Revenue is recognised at point in time when the control over the goods have been transferred to the customer and obtain customer acceptance of the said goods. Revenue is recognised based on the price specified in the invoices, net of discounts, rebates and incentives where applicable. Payment is generally due within 30 to 120 days from the date when PO is satisfied. There is no unsatisfied PO yet to be recognised as revenue as at the reporting date.

4. REVENUE (CONT'D)

Continuing operations (cont'd)

(ii) Management fee

The performance obligation is satisfied at point in time upon completion of services rendered and billed on a monthly basis.

(iii) Storage and warehouse handling fee

The Group provides storage and warehousing services to its customers.

Performance obligation ("PO")

The contracts with customers were bundled and consist of obligations for managing storage of goods and arranging transportation for delivery of goods. However, the management has assessed that these services are interrelated and interdependent and shall not be considered as distinct services which come as a service package offered to customers. Accordingly, the contract with customers was considered as a single PO and was satisfied at point in time basis upon monthly services rendered and charged based on per pallet basis at a pre-determined fixed rate.

Timing of recognition/Unsatisfied PO

Revenue was recognised at point in time based on monthly billing at pre-determined charges. Payment is generally due within 30 to 90 days from the date when PO is satisfied.There was no unsatisfied PO yet to be recognised as revenue as at the reporting date.

Discontinued operations

(iv) Renal dialysis treatment

The Group provides home dialysis products for the treatment of end stage renal disease and its related services to its customers.

Performance obligation ("PO")

The contracts with customers are bundled and consist of obligations for the sales of dialysis treatment package which includes supply of dialysis machine and medical consumables in relation to the treatment of end stage renal disease. However, the management has assessed that these services are interrelated and interdependent and shall not be considered as distinct services which come as a service package offered to customers. Accordingly, the contract with customers is considered as a single PO and is satisfied at point in time basis upon monthly services rendered and charged based on the fixed package price per month.

Timing of recognition/Unsatisfied PO

Revenue is recognised at point in time when the agreed scope of work stipulated in the service contract has been performed and accepted by respective contract customer. There is no unsatisfied PO yet to be recognised as revenue as at the reporting date as the revenue generating subsidiaries pertaining to the renal dialysis treatment have been disposed as disclosed in Note 16(b).

5. COST OF SALES

Cost of sales represents cost of goods sold, direct costs and overheads of services provided from continuing and discontinued operations.

6. OTHER INCOME

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Continuing operations				
Gain on derecognition of right-of-use assets	–	12,287	–	3,057
Interest income	178,875	383,185	1,392,349	1,530,167
Net reversal of impairment loss on trade receivables [Note 29(i)]	–	2,079,265	–	–
Realised gain on foreign exchange	126,065	–	–	–
Rental income	54,964	55,740	–	–
Reversal of over-accrued commission	–	1,224,047	–	–
Sundry income	25,742	7,505	263	–
Unrealised gain on foreign exchange	101,629	–	120	3,057
	487,275	3,762,029	1,392,732	1,536,281
Discontinued operations				
Gain on derecognition of right-of-use assets	–	3,057	–	–
Gain on disposal of subsidiaries [Note 16(b)(v)]	–	7,312,749	–	–
Interest income	–	12,117	–	–
	–	7,327,923	–	–
	487,275	11,089,952	1,392,732	1,536,281

7. FINANCE COSTS

	Group 2022 RM	Group 2021 RM
Continuing operations		
- Bankers' acceptance	73,135	117,033
- Lease liabilities	9,080	9,080
- Letter of credit	79,832	10,882
	162,047	136,995
Discontinued operations		
- Lease liabilities	–	7,457
- Term loan	–	13,820
	–	21,277
	162,047	158,272

NOTES TO THE FINANCIAL STATEMENTS

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8. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed in Notes 6 and 7, (loss)/profit before tax from continuing and discontinued operations are arrived at after charging:

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration					
- Auditors of the Company:					
- Statutory audit		129,000	102,000	83,000	65,000
- Other services		11,000	14,000	11,000	14,000
- Component auditors:					
- Statutory audit		1,946	1,737	–	–
Depreciation of property, plant and equipment	13	827,096	887,650	206,196	236,478
Depreciation of right-of-use assets	14	239,328	369,237	–	–
Employee benefit expenses	9	6,801,000	6,609,846	1,830,870	1,632,070
Impairment loss on:					
- Investment in an associate	17	–	–	359,025	–
- Trade receivables	29(i)	1,108,969	–	–	–
- Other receivables	29(i)	2,150,447	–	–	–
Inventories written off	20	–	39,034	–	–
Net loss on foreign exchange					
- Realised		–	139,397	316	12
- Unrealised		213,793	64,579	–	–
Loss on disposal of property, plant and equipment		–	938	–	938
Loss on disposal of subsidiaries	16(b)	–	–	–	582,375
Right-of-use assets:					
- Short-term leases		576,919	514,036	102,000	102,000

9. EMPLOYEE BENEFIT EXPENSES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Continuing operations				
Salaries, allowances, overtime and bonus	5,076,491	3,782,977	891,735	506,107
Directors' remuneration (Note 10)	1,069,390	1,367,653	801,025	1,054,250
Contributions to defined contribution plan	590,185	421,727	135,405	66,793
Social security contributions	64,934	47,387	2,705	4,920
	6,801,000	5,619,744	1,830,870	1,632,070
Discontinued operations				
Salaries, allowances, overtime and bonus	–	870,194	–	–
Contributions to defined contribution plan	–	95,278	–	–
Social security contributions	–	24,630	–	–
	–	990,102	–	–
	6,801,000	6,609,846	1,830,870	1,632,070

10. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company:				
Executive Directors:				
Fees	62,400	62,400	62,400	62,400
Salaries and other emoluments	462,000	685,000	462,000	685,000
Contributions to defined contribution plan	87,780	130,150	87,780	130,150
Social security contributions	1,645	1,516	1,645	1,516
	613,825	879,066	613,825	879,066
Non-Executive Directors:				
Fees	187,200	175,184	187,200	175,184
	801,025	1,054,250	801,025	1,054,250
Directors of the subsidiaries:				
Executive Directors:				
Salaries and other emoluments	239,530	279,000	–	–
Contributions to defined contribution plan	27,833	33,480	–	–
Social security contributions	1,002	923	–	–
	268,365	313,403	–	–
Total remuneration	1,069,390	1,367,653	801,025	1,054,250
Estimated monetary value of benefits-in-kind	28,000	24,500	–	–

The number of Directors of the Company (including retired Director) whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number of Directors	
	2022	2021
Executive Directors:		
RM250,001 - RM400,000	2	1
RM400,001 - RM550,000	–	1
Non-Executive Directors:		
Less than RM50,000	1	2
RM50,001 - RM100,000	2	2

11. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Income tax:				
Continuing operations:				
- Current year	49,937	84,643	–	–
- Overprovision in prior year	(17,036)	(19)	–	–
	32,901	84,624	–	–
Deferred tax (Note 18):				
Continuing operations:				
- Relating to origination and reversal of deductible temporary differences	316,252	(433,000)	–	–
- Underprovision in prior year	90,948	–	–	–
	407,200	(433,000)	–	–
Income tax expense/(credit) for the financial year				
- from continuing operations	440,101	(348,376)	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
(Loss)/Profit before tax:				
- from continuing operations	(4,765,099)	7,559,112	(879,426)	(1,248,756)
- from discontinued operations	–	5,090,183	–	–
	(4,765,099)	12,649,295	(879,426)	(1,248,756)

11. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows: (cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	(1,143,624)	3,035,831	(211,062)	(299,701)
Income not subject to tax	(23,677)	(1,768,689)	–	(1,467)
Expenses not deductible for tax purposes	127,547	348,507	64,962	238,358
Deferred tax assets recognised	(210,509)	(960,223)	–	–
Deferred tax assets not recognised				
- from continuing operations	1,611,636	117,417	146,100	62,810
- from discontinued operations	–	563,761	–	–
Tax effect on share of result of an associate	4,816	81,655	–	–
Utilisation of deferred tax assets previously not recognised	–	(1,766,616)	–	–
Overprovision of income tax in prior year	(17,036)	(19)	–	–
Underprovision of deferred tax in prior year	90,948	–	–	–
Income tax expense/(credit) for the financial year	440,101	(348,376)	–	–

The Group and the Company have the following estimated items available for set-off against future taxable profits:

	Group		Company	
	2022 RM	Restated 2021 RM	2022 RM	Restated 2021 RM
Continuing operations:				
- Unutilised tax losses	3,925,543	3,074,838	1,598,064	1,548,405
- Unabsorbed capital allowances	2,671,312	2,468,054	1,029,185	914,944
	6,596,855	5,542,892	2,627,249	2,463,349

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carried forward available to the Group and to the Company.

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. The unutilised tax losses of the Company and its subsidiaries in Malaysia will be allowed to be carried forward for 10 consecutive years of assessment ("YA") deemed to be effective from YA 2019. The unutilised tax losses applicable to foreign subsidiaries are subject to the tax legislation of the respective countries.

12. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic EPS

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing (loss)/profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	**2021**
Basic (loss)/earnings per share:		
(Loss)/Profit after tax attributable to Owners of the Company (RM):		
- from continuing operations	(5,141,551)	7,902,234
- from discontinued operations	–	5,223,131
	(5,141,551)	13,125,365
Weighted average number of ordinary shares in issue (unit)	152,785,770	152,785,770
Basic (loss)/earnings per share (sen):		
- from continuing operations	(3.37)	5.17
- from discontinued operations	–	3.42
	(3.37)	8.59

(b) Diluted EPS

The Group has no dilution in its (loss)/earnings per ordinary share as there were no potential dilutive ordinary shares outstanding as at 31 December 2022 and 31 December 2021 respectively.

13. PROPERTY, PLANT AND EQUIPMENT

	Building RM	Computers RM	Machineries RM	Motor vehicles RM	Other assets * RM	Total RM
Group						
2022						
Cost						
At 1 January 2022	6,988,735	1,296,917	728,214	430,201	2,842,318	12,286,385
Additions	–	37,908	18,700	20,089	172,030	248,727
At 31 December 2022	6,988,735	1,334,825	746,914	450,290	3,014,348	12,535,112
Accumulated Depreciation						
At 1 January 2022	1,118,515	921,546	159,016	229,564	1,427,094	3,855,735
Charge for the financial year	174,720	248,484	92,296	44,604	266,992	827,096
At 31 December 2022	1,293,235	1,170,030	251,312	274,168	1,694,086	4,682,831
Net Carrying Amount						
At 31 December 2022	5,695,500	164,795	495,602	176,122	1,320,262	7,852,281

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

	Building RM	Computers RM	Machineries RM	Motor vehicles RM	Other assets * RM	Total RM
Group						
2021						
Cost						
At 1 January 2021	6,988,735	1,337,363	7,286,206	854,023	2,836,172	19,302,499
Additions	–	265,156	49,369	1,078	278,072	593,675
Disposals	–	(21,029)	–	–	–	(21,029)
Disposal of subsidiaries [Note 16(b)(v)]	–	(281,886)	(6,607,361)	(414,879)	(269,560)	(7,573,686)
Exchange differences	–	(2,687)	–	(10,021)	(2,366)	(15,074)
At 31 December 2021	6,988,735	1,296,917	728,214	430,201	2,842,318	12,286,385
Accumulated Depreciation						
At 1 January 2021	943,797	782,926	429,764	333,063	1,306,019	3,795,569
Charge for the financial year	174,718	282,231	132,558	56,679	241,464	887,650
Disposals	–	(15,448)	–	–	–	(15,448)
Disposal of subsidiaries [Note 16(b)(v)]	–	(127,354)	(403,306)	(158,025)	(119,985)	(808,670)
Exchange differences	–	(809)	–	(2,153)	(404)	(3,366)
At 31 December 2021	1,118,515	921,546	159,016	229,564	1,427,094	3,855,735
Net Carrying Amount						
At 31 December 2021	5,870,220	375,371	569,198	200,637	1,415,224	8,430,650

* Other assets comprise of furniture and fittings, renovation, signboard, office, warehouse, factory, lab and medical equipment.

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

	Computers RM	Motor vehicles RM	Office equipment, renovation, furniture and fittings RM	Total RM
Company				
2022				
Cost				
At 1 January 2022/ 31 December 2022	856,845	159,748	97,076	1,113,669
Accumulated Depreciation				
At 1 January 2022	619,393	23,958	21,067	664,418
Charge for the financial year	180,492	15,972	9,732	206,196
At 31 December 2022	799,885	39,930	30,799	870,614
Net Carrying Amount				
At 31 December 2022	56,960	119,818	66,277	243,055
2021				
Cost				
At 1 January 2021	833,316	159,748	90,388	1,083,452
Additions	74,988	–	6,688	81,676
Disposals	(51,459)	–	–	(51,459)
At 31 December 2021	856,845	159,748	97,076	1,113,669
Accumulated Depreciation				
At 1 January 2021	439,345	7,986	11,940	459,271
Charge for the financial year	211,379	15,972	9,127	236,478
Disposals	(31,331)	–	–	(31,331)
At 31 December 2021	619,393	23,958	21,067	664,418
Net Carrying Amount				
At 31 December 2021	237,452	135,790	76,009	449,251

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14. RIGHT-OF-USE ASSETS

	Leasehold land RM	Motor vehicles RM	Premises RM	Total RM
Group				
2022				
Cost				
At 1 January 2022/ 31 December 2022	7,500,000	518,318	–	8,018,318
Accumulated Depreciation				
At 1 January 2022	1,343,750	164,122	–	1,507,872
Charge for the financial year	187,500	51,828	–	239,328
At 31 December 2022	1,531,250	215,950	–	1,747,200
Net Carrying Amount				
At 31 December 2022	5,968,750	302,368	–	6,271,118
2021				
Cost				
At 1 January 2021	7,500,000	818,018	1,637,743	9,955,761
Additions	–	–	192,959	192,959
Derecognition [Note (i)]	–	–	(1,104,346)	(1,104,346)
Disposal of subsidiaries [Note 16(b)(v)]	–	(299,700)	(725,976)	(1,025,676)
Exchange differences	–	–	(380)	(380)
At 31 December 2021	7,500,000	518,318	–	8,018,318
Accumulated Depreciation				
At 1 January 2021	1,156,250	147,280	810,266	2,113,796
Charge for the financial year	187,500	61,824	119,913	369,237
Derecognition [Note (i)]	–	–	(417,923)	(417,923)
Disposal of subsidiaries [Note 16(b)(v)]	–	(44,982)	(512,224)	(557,206)
Exchange differences	–	–	(32)	(32)
At 31 December 2021	1,343,750	164,122	–	1,507,872
Net Carrying Amount				
At 31 December 2021	6,156,250	354,196	–	6,510,446

14. RIGHT-OF-USE ASSETS (CONT'D)

	2021 RM
Company	
Premise	
Cost	
At 1 January	227,010
Derecognition [Note (i)]	(227,010)
At 31 December	–
Accumulated Depreciation	
At 1 January	113,505
Derecognition [Note (i)]	(113,505)
At 31 December	–
Net Carrying Amount	
At 31 December	–

(i) In prior financial year, the Group and the Company did not exercise the option to renew for the lease of premises previously entered with its landlord. Consequently, the cost and accumulated depreciation was reversed accordingly and the gain on derecognition of RM15,344 and RM3,057 respectively were disclosed in Note 6.

(ii) The expenses charged to the profit or loss during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Depreciation of right-of-use assets	239,328	369,237	–	–
Interest expense on lease liabilities	9,080	16,537	–	–
Short-term leases	576,919	514,036	102,000	102,000

(iii) The Group's leasehold land has remaining unexpired lease period of 33 years (2021: 34 years).

15. INTANGIBLE ASSETS

	Goodwill RM	Development costs RM	Total RM
Group			
2022			
Cost/Net Carrying Amount			
At 1 January 2022/ 31 December 2022	54,870	–	54,870
2021			
Cost			
At 1 January 2021	649,476	27,941,674	28,591,150
Additions	–	48,274	48,274
Disposal of subsidiaries [Note 16(b)(v)]	(594,606)	(27,989,948)	(28,584,554)
At 31 December 2021	54,870	–	54,870
Accumulated Amortisation			
At 1 January 2021	–	2,875,512	2,875,512
Disposal of subsidiaries [Note 16(b)(v)]	–	(2,875,512)	(2,875,512)
At 31 December 2021	–	–	–
Accumulated Impairment Loss			
At 1 January 2021	193,169	21,674,917	21,868,086
Disposal of subsidiaries [Note 16(b)(v)]	(193,169)	(21,674,917)	(21,868,086)
At 31 December 2021	–	–	–
Net Carrying Amount			
At 31 December 2021	54,870	–	54,870

Development costs

In prior year, development costs are related to costs incurred for development of home dialysis machines including patient care management system and amortised over a period of 20 years upon commercial implementation of the projects. It includes development costs of completed successful projects for commercial implementation and also ongoing development projects.

Goodwill

The goodwill arose from the Group's acquisition of a subsidiary, Adventa Healthcare Sdn. Bhd., and has been wholly allocated to this cash generating unit ("CGU").

15. INTANGIBLE ASSETS (CONT'D)

Goodwill (cont'd)

Impairment testing for goodwill

The recoverable amount of the CGU has been determined based on value-in-use calculation using cash flows projections from financial forecast and projections approved by Board of Directors covering a three-year (2021: three-year) period and by extrapolation using the growth rate based on historical experience, management's assessment of future trends and expectation of market development in the respective segments. The pre-tax discount rate (per annum) applied to the cash flows projections are as follows:

	Pre-tax discount rate	
	2022	**2021**
	%	**%**
Adventa Healthcare Sdn. Bhd.	10.90	10.68

(i) Revenue and growth

Revenue is projected based on future demand outlook. Revenue is projected to normalise at a range from -10% to 5% (2021: 5%) growth over the next three years. Terminal value is based on the third-year cash flows without growth rate.

(ii) Gross margin

Gross margins are based on the actual value achieved in the 1 (2021: 4) years preceding to the start of the budget period. Gross margins are assumed to be maintained over the budgeted period.

(iii) Pre-tax discount rate

Pre-tax discount rate per annum applied to the cash flows was used to determine the recoverable amounts of the CGUs. The discount rate used is based on the average cost of capital of the Company.

The changes of the key assumptions used in the preparation of the cash flows projections were insignificant to the changes of recoverable amount of the goodwill.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	**2021**
	RM	**RM**
Unquoted shares, at cost		
At 1 January	36,056,726	90,056,726
Additions	6,605,977	–
Transfer from investment in an associate (Note 17)	166	–
Disposal of subsidiaries [Note 16(b)]	(6,605,816)	(54,000,000)
At 31 December	36,057,053	36,056,726

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Company 2022 RM	Company 2021 RM
Accumulated Impairment Loss		
At 1 January	–	42,500,000
Disposal of subsidiaries [Note 16(b)]	–	(42,500,000)
At 31 December	–	–
Net Carrying Amount		
At 31 December	36,057,053	36,056,726

The details of its subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest 2022	Effective Equity Interest 2021
Held through the Company:				
Adventa Healthcare Sdn. Bhd. ("AHSB")	Malaysia	Distribution of medical and healthcare equipment, appliances and medical disposal products	100%	100%
PTM Progress Trading & Marketing Sdn. Bhd.	Malaysia	Provision of storage and warehousing services	100%	100%
Adventa Digital Health Sdn. Bhd. ("ADHSB") # *	Malaysia	Dormant	100%	–
Nextech Med Pte. Ltd. ("Nextech") # *	Singapore	Investment holding	100%	–
Held through AHSB:				
Mycare Lanka (Private) Limited ^ *	Sri Lanka	Distribution of medical and healthcare equipment, appliances and medical disposal products	51%	51%
Held through Nextech:				
PT Adventa Biotech International ("PT Adventa Biotech") # *	Indonesia	Dormant	99%	–

^ *Audited by member firm of Moore Global Network Limited*

* *Not audited by Moore Stephens Associates PLT*

The management accounts were reviewed by Moore Stephens Associates PLT for consolidation purpose.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Incorporation of subsidiaries

2022

(i) ADHSB

On 12 July 2022, the Company incorporated a new wholly-owned subsidiary in Malaysia with the name of Adventa Digital Health Sdn. Bhd., comprising 2 ordinary shares for a cash subscription of RM2.

(ii) Nextech

On 26 August 2022, the Company incorporated Nextech in Singapore, at equity interest of 49% comprising 49 ordinary shares for a cash subscription of SGD49 (equivalent to RM166).

On 19 December 2022, the Company acquired the remaining 51% of equity interest, comprising 51 ordinary shares for a total cash consideration of SGD51 (equivalent to RM159). Consequently, Nextech became a wholly-owned subsidiary of the Company.

(iii) PT Adventa Biotech

On 29 July 2022, the Company incorporated PT Adventa Biotech, at equity interest of 99% comprising 10,890 ordinary shares for a cash subscription of IDR10,890,000,000 (equivalent to RM3,267,000).

On 21 December 2022, the Company has disposed 10,890 ordinary shares of PT Adventa Biotech to Nextech for a total consideration of IDR10,890,000,000 (equivalent to RM3,267,000). Consequently, PT Adventa Biotech became an indirect subsidiary of the Company.

(b) Disposal of subsidiaries

2022

(i) AH Biomedical Pte. Ltd. (formerly known as "Adventa Healthcare Pte. Ltd.")

On 5 July 2022, the Company incorporated a new wholly-owned subsidiary in Singapore with the name of Adventa Healthcare Pte. Ltd., comprising 100 ordinary shares for a cash subscription of SGD100 (equivalent to RM316). Subsequently, Adventa Healthcare Pte. Ltd. has changed its name to AH Biomedical Pte. Ltd. ("AH Biomedical").

On 21 December 2022, the Company disposed 100% equity interest of AH Biomedical for a total cash consideration of SGD100 (equivalent to RM316). Consequently, AH Biomedical ceased to be a subsidiary of the Company.

(ii) PT Humana Medical International ("PT Humana")

On 26 March 2020, the Company incorporated PT Humana in Indonesia with 90% equity interest comprising 3,375 ordinary shares of IDR1,000,000 each for a total cash consideration of IDR3,375,000,000. PT Humana became a subsidiary of the Company since the date of incorporation. However, the issued and paid up share capital for PT Humana has not been made as at 31 December 2021.

During the financial year 2022, the issued and paid up share capital of PT Humana has been made and increased to 11,000 ordinary shares of IDR1,000,000,000 each. The Company has increased its equity interest to 99% comprising 10,999 ordinary shares of IDR1,000,000 each for a total cash consideration of IDR7,624,000,000.

On 2 November 2022, the Company has disposed 99.99% equity interest of PT Humana to AH Biomedical for a total cash consideration of IDR10,999,000,000 (equivalent to RM3,338,500). Subsequently, PT Humana became an indirect subsidiary of the Company.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

2022 (cont'd)

(ii) PT Humana Medical International ("PT Humana") (cont'd)

Subsequent to the disposal of AH Biomedical as disclosed in Note 16(b)(i), the Company is deemed to have disposed 10,999 ordinary shares, representing 99.99% indirect interest in PT Humana. Consequently, PT Humana ceased to be an indirect subsidiary of the Company.

2021

During the financial year ended 31 December 2021, the Company disposed its 100% equity interest in Lucenxia (M) Sdn. Bhd. ("LCX) and Lucenxia International Sdn. Bhd. ("LCX International) (collectively known as "Disposed Subsidiaries" or "Discontinued Operations") which represented a significant part of its healthcare business segment. The management decided to dispose the above subsidiaries due to the collective decision to focus on the distribution of medical and healthcare equipment as the Group's long-term strategy moving forward.

(i) LCX and its subsidiaries

On 5 February 2021, the Company entered into a Shares Sale Agreement ("SSA") with Mr. Low Chin Guan ("Purchaser") to dispose 100% equity interest in LCX comprising 500,000 ordinary shares and 53,000,000 preference shares respectively for a total cash consideration of RM11,000,000 ("Disposal Consideration"). The disposal was approved by the non-interested shareholders at the Extraordinary General Meeting held on 8 April 2021.

The SSA became unconditional and the disposal was completed on 3 May 2021 ("Completion Date"). Upon completion of the disposal exercise, LCX and its subsidiaries ceased to be subsidiaries of the Company. For accounting purposes, the cut-off was taken on 30 April 2021.

(ii) LCX International and its subsidiaries

On 20 April 2021 ("Completion Date"), the Company disposed its 100% equity interest in LCX International to Mr. Low Chin Guan ("Purchaser") comprising 500,000 ordinary shares for a total cash consideration of RM485,438 ("Disposal Consideration").

Upon completion of the disposal exercise, LCX International and its subsidiaries ceased to be subsidiaries of the Company. For accounting purposes, the cut-off was taken on 30 April 2021.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

2021 (cont'd)

(iii) Total comprehensive income attributable to the discontinued operations were as follows:

	Note	Group 01.01.2021 to 30.04.2021 RM
Revenue	4	1,477,406
Cost of sales		(2,022,827)
Gross loss		(545,421)
Other income	6	15,174
Expenses		(1,671,042)
Results from operating activities		(2,201,289)
Finance costs	7	(21,277)
Gain on disposal of subsidiaries [Note 16(b)(v)]		7,312,749
Profit before tax	8	5,090,183
Income tax expense	11	–
Result from operating activities, net of tax		5,090,183
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations		81,139
Total comprehensive income, net of tax		5,171,322

(iv) The net cash flows of the discontinued operations before intra-group elimination of the subsidiaries were as follows:

	Group 01.01.2021 to 30.04.2021 RM
Cash and cash equivalents at beginning of the financial period	4,799,361
Net cash used in operating activities	(197,760)
Net cash used in investing activities	(362,341)
Net cash used in financing activities	(1,034,635)
Net decrease in cash and cash equivalents	(1,594,736)
Cash and cash equivalents at end of the financial year [Note 16(b)(v)]	3,204,625

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

2021 (cont'd)

(v) The summary of the effect of disposal of subsidiaries on the statements of financial position of the Group were as follows:

	As at 30.04.2021 RM
Property, plant and equipment	6,765,016
Right-of-use assets	468,470
Intangible assets	3,439,519
Inventories	1,632,153
Trade and other receivables	8,479,745
Fixed deposit placed with a licensed bank	2,500,000
Cash and bank balances	3,204,625
Lease liabilities	(437,663)
Trade and other payables	(11,819,921)
Amount due to holding company	(11,000,000)
Loans and borrowings	(1,000,000)
Tax payable	(13,995)
Attributable assets disposed	2,217,949
Less:	
- Goodwill on consolidation (Note 15)	(401,437)
- Realisation of foreign currency translation reserve	105,188
- Non-controlling interests	(1,090,678)
- Other incidental costs arising from disposal	(567,813)
	4,172,689
Total disposal consideration [Note 16(b)(vi)]	11,485,438
Gain on disposal of subsidiaries	7,312,749

Pursuant to the SSA, the amount of RM11,000,000 due to the Company shall be settled over 4 years from the Completion Date via 3 instalments. Further details are as disclosed in Note 19(i).

The summary of the effect of disposal of subsidiaries on the statement financial position of the Company were as follows:

	As at 30.04.2021 RM
Total disposal consideration	11,485,438
Less:	
- Cost of investment in disposed subsidiaries, net of impairment	(11,500,000)
- Other incidental costs arising from disposal	(567,813)
	(12,067,813)
Loss on disposal of subsidiaries	(582,375)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

2021 (cont'd)

(vi) The effect of the disposal on cash flows is as follows:

	RM
Net cash flows arising from disposal of subsidiaries	
Disposal consideration	11,485,438
Less: Other incidental costs arising from disposal	(567,813)
Net cash inflows from disposal (Company)	10,917,625
Less: Cash and cash equivalents of the subsidiaries disposed	(3,204,625)
Net cash inflows from disposal (Group)	7,713,000

(vii) Other than those disclosed in Notes 6 and 7, (loss)/profit before tax from discontinued operations are arrived at after charging:

	Group 01.01.2021 to 30.04.2021 RM
Depreciation of property, plant and equipment	127,643
Depreciation of right-of-use assets	129,909
Employee benefit expenses (Note 9)	990,102
Inventories written off	27,094
Loss on foreign exchange, net:	
- realised	26
- unrealised	68,893
Right-of-use assets:	
- Short-term leases	10,429

(c) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have non-controlling interests ("NCIs") are as follows:

	Mycare Lanka	**PT Adventa Biotech**	**Total**
Group			
2022			
NCI percentage of ownership and voting interest	49%	1%	
Carrying amount of NCI	(43,710)	30,732	(12,978)
Loss allocated to NCI	(63,577)	(72)	(63,649)
Other comprehensive income allocated to NCI	(556)	(1,549)	(2,105)
Total comprehensive income allocated to NCI	(64,133)	(1,621)	(65,754)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries (cont'd)

The subsidiaries of the Group that have non-controlling interests ("NCIs") are as follows: (cont'd)

	Mycare Lanka	PT Adventa Biotech	Total
Group (cont'd)			
2021			
NCI percentage of ownership and voting interest	49%	–	
Carrying amount of NCI	20,423	–	20,423
Profit allocated to NCI	5,254	–	5,254
Other comprehensive income allocated to NCI	(851)	–	(851)
Total comprehensive income allocated to NCI	4,403	–	4,403

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	Mycare Lanka RM	PT Adventa Biotech RM
2022		
Assets and liabilities:		
Current assets	543,001	3,783,056
Current liabilities	(632,204)	(709,831)
Net (liabilities)/assets	(89,203)	3,073,225
Results:		
Revenue	589,437	–
Loss for the financial year	(129,748)	(7,154)
Total comprehensive income	(130,882)	(162,069)
Cash flows:		
Net cash from/(used in) operating activities	11,947	(3,235,262)
Net cash from financing activities	–	3,235,294
	11,947	32

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries (cont'd)

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows: (cont'd)

	Mycare Lanka RM	PT Adventa Biotech RM
2021		
Assets and liabilities:		
Current assets	824,925	–
Current liabilities	(783,246)	–
Net assets	41,679	–
Results:		
Revenue	570,477	–
Profit for the financial year	11,233	–
Total comprehensive income	9,496	–
Cash flows:		
Net cash from operating activities	151,806	–
Net cash used in financing activities	(159,395)	–
	(7,589)	–

17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares, at cost				
At 1 January	359,025	–	359,025	–
Addition	166	359,025	166	359,025
Transfer to investment in subsidiaries (Note 16)	(166)	–	(166)	–
At 31 December	359,025	359,025	359,025	359,025
Add: Share of post-acquisition results				
At 1 January	(340,230)	–	–	–
Addition	(20,066)	(340,230)	–	–
At 31 December	(360,296)	(340,230)	–	–
Add: Share of OCI				
At 1 January	1,271	–	–	–
Addition	–	1,271	–	–
At 31 December	1,271	1,271	–	–

17. INVESTMENT IN ASSOCIATES (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Less: Accumulated impairment loss				
At 1 January	–	–	–	–
Addition (Note d)	–	–	359,025	–
At 31 December	–	–	359,025	–
Net Carrying Amount				
At 31 December	–	20,066	–	359,025

The details of its associate are as follows:

Name of Associates	Country of Incorporation	Principal Activities	Effective Equity Interest 2022	Effective Equity Interest 2021
PT Akema Healthcare International ("PT Akema") *	Indonesia	Trading of pharmaceutical and medical equipment	49%	49%

* *Not required to audit in accordance to Article 68(1) of Number 40 of 2007 of the Law of the Republic of Indonesia.*

(a) In prior financial year, PT Akema commenced operations and the issued and paid up share capital was made with cost of investment of RM359,025. The Directors reassessed that it has no current ability to direct the activities and thus does not have control over PT Akema. Consequently, PT Akema became an associate of the Company.

(b) There is no quoted market price available for the shares as the associate is a private company. For the purpose of applying the equity method of accounting, the management accounts of PT Akema for the financial year ended 31 December 2022 and 31 December 2021 have been used.

(c) The summarised financial information of the associate, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	2022 RM	2021 RM
Assets and liabilities:		
Non-current assets	47,075	69,184
Current assets	2,073,562	1,941,118
Current liabilities	(3,535,646)	(1,969,350)
Net assets	(1,415,009)	40,952

17. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The summarised financial information of the associate, not adjusted for the proportion of the ownership interest held by the Group, is as follows: (cont'd)

	2022 RM	2021 RM
Group's share of net assets	–	20,066
Results:		
Revenue	835,466	102,188
Loss for the financial year	(1,529,891)	(694,346)
Total comprehensive income	(1,455,957)	(694,346)
Share of results:		
Share of loss for the financial year	(20,066)	(340,230)
Share of other comprehensive income for the financial year	–	1,271

(d) As at 31 December 2022, the Company carried out review of the recoverable amount of the investment in an associate. An impairment loss amounted to RM359,025 (2021: Nil) was recognised as "other expenses" in the statements of comprehensive income for the financial year ended 31 December 2022.

The recoverable amount was derived based on fair value less cost of disposal which was measured based on the proportionate adjusted net assets of the associate.

18. DEFERRED TAX ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	833,000	400,000	–	–
Recognised in profit or loss (Note 11)	(407,200)	433,000	–	–
At 31 December	425,800	833,000	–	–

Presented after appropriate offsetting as follows:

	Group		Company	
	2022 RM	Restated 2021 RM	2022 RM	Restated 2021 RM
Deferred tax assets	1,008,647	1,225,616	28,960	49,558
Deferred tax liabilities	(582,847)	(392,616)	(28,960)	(49,558)
	425,800	833,000	–	–

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18. DEFERRED TAX ASSETS (CONT'D)

The recognised deferred tax assets/(liabilities) arising from temporary differences before offsetting are as follows:

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Others RM	Total RM
Group				
Deferred tax assets:				
2022				
At 1 January 2022	16,783	290,291	918,542	1,225,616
Recognised in profit or loss	61,712	102,776	(381,457)	(216,969)
At 31 December 2022	78,495	393,067	537,085	1,008,647
2021				
At 1 January 2021	–	303,203	439,913	743,116
Recognised in profit or loss	16,783	(12,912)	478,629	482,500
At 31 December 2021	16,783	290,291	918,542	1,225,616

	Property, plant and equipment and Right-of-use assets RM	Others RM	Total RM
Deferred tax liabilities:			
2022			
At 1 January 2022	(392,616)	–	(392,616)
Recognised in profit or loss	(189,546)	(685)	(190,231)
At 31 December 2022	(582,162)	(685)	(582,847)
2021			
At 1 January 2021	(333,736)	(9,380)	(343,116)
Recognised in profit or loss	(58,880)	9,380	(49,500)
At 31 December 2021	(392,616)	–	(392,616)

18. DEFERRED TAX ASSETS (CONT'D)

The recognised deferred tax assets/(liabilities) arising from temporary differences before offsetting are as follows: (cont'd)

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Property, plant and equipment RM	Total RM
Company				
2022				
At 1 January 2022	–	49,558	(49,558)	–
Recognised in profit or loss	–	(20,598)	20,598	–
At 31 December 2022	–	28,960	(28,960)	–
2021				
At 1 January 2021	–	52,582	(52,582)	–
Recognised in profit or loss	–	(3,024)	3,024	–
At 31 December 2021	–	49,558	(49,558)	–

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows (stated at gross):

	Group		Company	
	2022 RM	Restated 2021 RM	2022 RM	Restated 2021 RM
Unutilised tax losses	3,598,479	2,879,915	1,598,064	1,548,405
Unabsorbed capital allowances	1,033,532	1,258,511	908,519	708,454
Other deductible temporary differences	5,344,444	–	359,025	–
	9,976,455	4,138,426	2,865,608	2,256,859

The Group has recognised the deferred tax assets based on the current level of operations of the Group and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

19. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-Current:					
Other receivables:					
Amount due from a related party	(i)	–	8,000,000	–	8,000,000
Current:					
Trade receivables:					
Third parties	(ii)	20,665,627	38,952,376	–	–
Amount due from an associate	(iii)	689,868	526,102	–	–
Amount due from related parties	(viii)	720,337	–	–	–
		22,075,832	39,478,478	–	–
Less: Allowance for impairment loss					
- Third parties		(599,101)	(3,789,981)	–	–
- Amount due from an associate		(689,868)	–	–	–
	29(i)	(1,288,969)	(3,789,981)	–	–
Trade receivables, receivables, net		20,786,863	35,688,497	–	–
Other receivables:					
Third parties	(iv)	2,519,545	3,387,320	1,000	2,000
Amount due from an associate	(v)	2,150,447	889,877	–	–
Amounts due from subsidiaries	(vi)	–	–	37,309,560	30,946,860
Amount due from a related party	(i)	485,600	3,366,667	485,600	3,366,667
		5,155,592	7,643,864	37,796,160	34,315,527
Less: Allowance for impairment loss					
- Amount due from an associate	29(i)	(2,150,447)	–	–	–
		3,005,145	7,643,864	37,796,160	34,315,527
Deposits	(vii)	4,010,205	173,681	32,500	32,500
Prepayments		90,806	71,058	44,148	30,370
Other receivables, net		7,106,156	7,888,603	37,872,808	34,378,397
Total trade and other receivables		27,893,019	43,577,100	37,872,808	34,378,397

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) In prior financial year, this amount represents unsecured advance, of which the principal sum of RM11,000,000 due from LCX ("Disposed Subsidiary") as at the reporting date which bears interest of 5% per annum which shall be settled over 4 years from the Completion Date via 3 instalments as disclosed in Note 16(b)(v). The amount due from the Disposed Subsidiary can be analysed as follows:

	2021 RM
Group and Company	
Future minimum repayments:	
- Repayable within one year	3,366,667
- Repayable more than 1 year but not more than 5 years	9,083,333
	12,450,000
Less: Unamortised interest	(1,450,000)
Present value of future minimum repayments	11,000,000
Add: Accrued interest income	366,667
	11,366,667
Analysed as:	
Current	3,366,667
Non-current	8,000,000
	11,366,667

During the financial year, this outstanding amount have been fully collected. The accrued interest income of RM137,502 (2021: RM366,667) was recognised in the "Other income" line item in the statements of comprehensive income.

(ii) The normal credit terms of trade receivables of the Group and of the Company range from 30 to 120 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(iii) This amount is unsecured, interest-free and is subject to normal credit term of range from 60 to 120 days (2021: 60 days).

(iv) Included in other receivables of the Group are net advance payments made to suppliers for purchase of inventories amounted to RM2,462,545 (2021: RM3,329,320).

(v) This non-trade amount represents unsecured, interest-free advance which is collectible on demand.

(vi) These non-trade amounts represent management fee receivable which is subject to normal credit term of 60 days (2021: 60 days) and unsecured advances for purchase of goods, which bear interest of 4% (2021: 4%) per annum which are collectible on demand.

(vii) Included in the deposits is an amount of RM3,783,024 (2021: Nil) relating to the deposits paid for the acquisition of an industrial land/plot of which the Sale and Purchase Agreement has been entered subsequent to year end as disclosed in Note 33. The remaining capital commitment has been disclosed in Note 34.

(viii) This trade amount is unsecured, interest-free and subject to normal credit term of 60 days.

20. INVENTORIES

	Group 2022 RM	Group 2021 RM
At cost:		
- Trading goods	19,747,136	22,920,912

(a) The Group recognised inventories as cost of sales amounted to RM48,251,257 (2021: RM82,124,804).

(b) In prior financial year, the Group has written off inventories of RM39,034 which was recognised as cost of sales.

21. FIXED DEPOSITS PLACED WITH LICENSED BANKS / CASH AND BANK BALANCES

(i) The effective interest rate of the fixed deposits placed with licensed banks of the Group range from 1.55% to 2.65% (2021: 1.65%) per annum and have maturity period of 12 months (2021: 12 months), which have been pledged to licensed banks as security for borrowings (Note 26) granted to the Group.

(ii) Included in the cash and bank balances of the Group at the end of the reporting period is an amount of RM41,000 (2021: RM128,031) pledged deposits to licensed banks as security for performance guarantee which are non-interest bearing.

22. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Ordinary shares				
Issued and fully paid:				
At behinning/end of the financial year	152,785,770	152,785,770	57,680,204	57,680,204

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual interests.

23. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

24. LEASE LIABILITY

	Group	
	2022	**2021**
	RM	**RM**
Motor vehicle		
Future minimum lease payments:		
Payable within one year	74,200	89,088
Payable more than 1 year but not more than 2 years	–	74,200
	74,200	163,288
Less: Unexpired finance charges	(7,567)	(16,647)
Present value of future minimum lease payments	66,633	146,641
Present value of future minimum lease payments:		
Payable within one year	66,633	80,008
Payable more than 1 year but not more than 2 years	–	66,633
	66,633	146,641
Analysed as:		
Current	66,633	80,008
Non-current	–	66,633
	66,633	146,641

The interest rate per annum at the reporting date for the lease liability is as follows:

	Group	
	2022	**2021**
	%	**%**
Hire purchase (motor vehicles)	2.27	2.27

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25. TRADE AND OTHER PAYABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade payables:					
Third parties	(i)	5,287,809	17,388,905	–	–
Amount due to a related party	(ii)	61,750	545,902	–	–
		5,349,559	17,934,807	–	–
Other payables:					
Third parties	(iii)	1,737,706	1,532,209	50,134	137,093
Accruals		704,977	686,814	190,711	223,706
Refundable deposits received		86,020	25,160	–	–
Amount due to a Director	(iv)	166	5,000,000	166	5,000,000
Amount due to a subsidiary	(iv)	–	–	300,000	–
Amounts due to related parties	(iv)	2,869,377	4,361,804	–	–
		5,398,246	11,605,987	541,011	5,360,799
Total trade and other payables		10,747,805	29,540,794	541,011	5,360,799

(i) The normal credit terms granted by the trade creditors to the Group range from 30 to 120 days (2021: 30 to 90 days).

(ii) This amount is unsecured, interest-free and is subject to normal credit term of 120 days (2021: 120 days).

(iii) Included in the other payables of the Group are advance payments received from customers of RM895,173 (2021: Nil), where the Group has collected the payments before goods are delivered.

(iv) These non-trade amounts represent unsecured, interest-free advances which are repayable on demand.

26. LOANS AND BORROWINGS

	Group 2022 RM	Group 2021 RM
Group		
Current:		
Bankers' acceptance	277,000	718,697
Trust receipt	263,696	–
	540,696	718,697

26. LOANS AND BORROWINGS (CONT'D)

The borrowings are secured by the following:

(i) Fixed deposits placed with licensed banks as disclosed in Note 21(i); and

(ii) Corporate guarantee by the Company.

The effective interest rates per annum of the borrowings are as follows:

	Group	
	2022 RM	2021 RM
Bankers' acceptance	7.49	6.49
Trust receipt	7.82	–

27. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its Directors, subsidiaries, related parties, an associate and key management personnel. The related parties are companies in which certain Directors have substantial financial interests and/or also Directors of the Group.

(b) Related party balances and transactions

The related party balances are shown in Notes 19 and 25 respectively. The related party transactions of the Group and of the Company are shown below:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Transactions with subsidiaries:				
- Interest income	–	–	(1,254,847)	(1,163,500)
- Net advances to	–	–	(4,147,853)	(8,912,527)
- Net advances from/ (repayment to)	–	–	300,000	(16,800)
- Management fee	–	–	(960,000)	(709,200)
- Transfer of property, plant and equipment	–	–	–	(14,547)

27. RELATED PARTIES DISCLOSURES (CONT'D)

(b) Related party balances and transactions

The related party balances are shown in Notes 19 and 25 respectively. The related party transactions of the Group and of the Company are shown below: (cont'd)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Transactions with related parties:				
- Interest income	(137,502)	(366,667)	(137,502)	(366,667)
- Net (repayment to)/advances from (non-trade)	(1,281,556)	4,085,804	–	–
- Net repayment from (non-trade)	11,018,569	–	11,018,569	–
- Net repayment from (trade)	1,207,744	3,056,406	–	–
- Purchase of goods	732,618	762,519	–	–
- Rental of premises ^	276,000	276,000	–	–
- Sales of goods	(3,797,665)	(3,273,023)	–	–
Transactions with an associate:				
- Net advances to	(1,260,570)	(889,877)	–	–
- Sales of goods	(163,766)	(526,102)	–	–
Transactions with Directors:				
- Acquisition of equity interest of a subsidiary	166	–	166	–
- Disposal consideration of subsidiaries	–	11,485,438	–	11,485,438
- Net repayment to	(5,000,000)	–	(5,000,000)	–
- Rental of premises ^	255,000	289,000	102,000	102,000

^ *Inclusive of short-term lease and payment of lease liabilities.*

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Company and its subsidiaries, as well as certain senior management personnel of the Group and of the Company.

27. RELATED PARTIES DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

The remunerations paid by the Group and the Company to key management personnel during the financial year are as follows:

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Directors' remuneration:					
- Fees		249,600	237,584	249,600	237,584
- Salaries and other emoluments		701,530	964,000	462,000	685,000
- Contributions to defined contribution plan		115,613	163,630	87,780	130,150
- Social security contributions		2,647	2,439	1,645	1,516
		1,069,390	1,367,653	801,025	1,054,250
- Estimated monetary value of benefits-in-kind		28,000	24,500	–	–
		1,097,390	1,392,153	801,025	1,054,250
Key management personnel:					
- Salaries and other emoluments		780,000	97,562	780,000	97,562
- Contributions to defined contribution plan		124,800	15,610	124,800	15,610
- Social security contributions		1,002	154	1,002	154
		905,802	113,326	905,802	113,326
Total remuneration		2,003,192	1,505,479	1,706,827	1,167,576

28. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

i. The healthcare business segment comprises the supply of healthcare and related products and services to hospitals, healthcare centres and pharmacies.

ii. The warehousing provider segment comprises provision of storage and warehousing services.

ii. The corporate segment is involved in Group-level corporate services, treasury functions and provision of management services to subsidiaries.

28. SEGMENT INFORMATION (CONT'D)

(a) Reporting format (cont'd)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

In prior financial year, the Company had disposed its revenue generating subsidiaries pertaining to the renal dialysis business under healthcare business segment as disclosed in Note 16(b).

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment.

(b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investment in an associate, corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

28. SEGMENT INFORMATION (CONT'D)

	Healthcare Business RM	Warehousing Provider RM	Corporate RM	Elimination RM	Note	Total RM
Group						
2022						
Revenue:						
External sales	58,905,088	95,220	–	–		59,000,308
Inter-segment sales	–	1,988,706	960,000	(2,948,706)	A	–
Total revenue	58,905,088	2,083,926	960,000	(2,948,706)		59,000,308
Results:						
Depreciation of property, plant and equipment	353,879	267,021	206,196	–		827,096
Depreciation of right-of-use assets	51,828	187,500	–	–		239,328
Employee benefit expenses	4,622,704	347,426	1,830,870	–		6,801,000
Impairment loss on:						
- Investment in an associate	–	–	359,025	(359,025)		–
- Trade receivables	1,108,969	–	–	–		1,108,969
- Other receivables	2,275,793	–	–	(125,346)		2,150,447
Interest income	(41,373)	–	(1,392,349)	1,254,847		(178,875)
(Gain)/Loss on foreign exchange, net						
- realised	(126,065)	–	–	–		(126,065)
- unrealised	210,939	–	(98,775)	–		112,164
Rental income	(54,964)	–	–	–		(54,964)
Right-of-use assets:						
- Short-term leases	558,709	–	102,000	(83,790)		576,919

28. SEGMENT INFORMATION (CONT'D)

	Healthcare Business RM	Warehousing Provider RM	Corporate RM	Elimination RM	Note	Total RM
Group (cont'd)						
2022 (cont'd)						
Segment results	(3,416,443)	408,386	(804,453)	(770,476)		(4,582,986)
Share of result of an associate, net of tax	–	–	–	(20,066)		(20,066)
Interest expense	(1,416,894)	–	–	1,254,847		(162,047)
(Loss)/Profit before tax	(4,833,337)	408,386	(804,453)			(4,765,099)
Income tax (expense)/credit	(505,907)	65,806	–			(440,101)
(Loss)/Profit for the financial year	(5,339,244)	474,192	(804,453)			(5,205,200)
Segment assets	60,797,820	14,156,391	78,282,938	(78,881,981)	B	74,355,168
Segment liabilities	46,581,241	265,764	4,205,011	(39,667,386)	C	11,384,630
Other information:						
Additions to non-current assets excluding deferred tax assets and financial assets	227,656	222,852	–	(201,781)	D	248,727

28. SEGMENT INFORMATION (CONT'D)

	Continuing Operations								
	Healthcare Business RM	Warehousing Provider RM	Corporate RM	Adjustment/ Elimination RM	Total RM	Discontinued Operations RM	Elimination RM	Note	Total RM
Group									
2021									
Revenue:									
External sales	97,580,561	–	–	–	97,580,561	1,477,406	–		99,057,967
Inter-segment sales	28,057	335,160	709,200	(1,072,417)	–	5,694	(5,694)	A	–
Total revenue	97,608,618	335,160	709,200	(1,072,417)	97,580,561	1,483,100	(5,694)		99,057,967
Results:									
Depreciation of property, plant and equipment	299,063	226,633	236,478	(2,167)	760,007	127,643	–		887,650
Depreciation of right-of-use assets	51,828	187,500	–	–	239,328	129,909	–		369,237
Employee benefit expenses	3,987,674	–	1,632,070	–	5,619,744	990,102	–		6,609,846
Gain on derecognition of right-of-use assets	(9,230)	–	(3,057)	–	(12,287)	(3,057)	–		(15,344)
Interest income	(16,518)	–	(1,530,167)	1,163,500	(383,185)	(45,553)	33,436		(395,302)
Inventories written off	11,940	–	–	–	11,940	27,094	–		39,034
Loss on disposal of property, plant and equipment	–	–	938	–	938	–	–		938
Loss/(Gain) on disposal of subsidiaries	–	–	582,375	(582,375)	–	(7,312,749)	–		(7,312,749)
Loss/(Gain) on foreign exchange, net									
- realised	139,359	–	12	–	139,371	26	–		139,397
- unrealised	(1,257)	–	(3,057)	–	(4,314)	68,893	–		64,579
Net reversal of impairment loss on trade receivables	(2,079,265)	–	–	–	(2,079,265)	–	–		(2,079,265)
Rental income	(25,740)	–	–	(30,000)	(55,740)	–	–		(55,740)
Reversal of over-accrued commission	(1,224,047)	–	–	–	(1,224,047)	–	–		(1,224,047)
Right-of-use assets:									
- Short-term leases	736,767	-	102,000	(335,160)	503,607	10,429	–		514,036

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

	Continuing Operations								
	Healthcare Business RM	Warehousing Provider RM	Corporate RM	Adjustment/ Elimination RM	Total RM	Discontinued Operations RM	Elimination RM	Note	Total RM
Group (cont'd)									
2021 (cont'd)									
Segment results	10,321,623	(150,715)	(1,248,756)	(885,815)	8,036,337	5,111,460	–		13,147,797
Share of result of an associate, net of tax	–	–	–	(340,230)	(340,230)	–	–		(340,230)
Interest expense	(1,181,328)	–	–	1,044,333	(136,995)	(21,277)	–		(158,272)
Profit/(Loss) before tax	9,140,295	(150,715)	(1,248,756)		7,559,112	5,090,183			12,649,295
Income tax credit/ (expense)	421,609	(73,233)	–		348,376	–	–		348,376
Profit/(Loss) for the financial year	9,561,904	(223,948)	(1,248,756)		7,907,488	5,090,183			12,997,671
Segment assets									
Investment in an associate	–	–	359,025	(338,959)	20,066	–	–		20,066
Other segment assets	72,580,491	13,518,215	79,768,505	(67,153,818)	98,713,393	32,066,011	(32,066,011)		98,713,393
	72,580,491	13,518,215	80,127,530		98,733,459	32,066,011		B	98,733,459
Segment liabilities	56,103,915	101,780	5,360,799	(31,131,904)	30,434,590	29,516,678	(29,516,678)	C	30,434,590
Other information:									
Additions to non-current assets excluding deferred tax assets and financial assets	1,624,610	–	81,676	(1,422,035)	284,251	550,657	–	D	834,908

28. SEGMENT INFORMATION (CONT'D)

Operating segments

Note:

A Inter-segment revenues are eliminated on consolidation.

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

	Group 2022 RM	Group 2021 RM
Adjustments on consolidation	46,202	46,202
Investment in subsidiaries	(39,303,737)	(36,068,116)
Investment in an associate	–	(338,959)
Inter-segment assets	(39,624,446)	(31,131,904)
Assets relating to discontinued operations	–	(32,066,011)
	(78,881,981)	(99,558,788)

Reconciliation of assets:

	Group 2022 RM	Group 2021 RM
Segment operating assets	74,355,168	98,713,393
Investment in an associate	–	20,066
Total assets	74,355,168	98,733,459

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

	Group 2022 RM	Group 2021 RM
Inter-segment liabilities	(39,667,386)	(31,131,904)
Liabilities relating to discontinued operations	–	(29,516,678)
	(39,667,386)	(60,648,582)

28. SEGMENT INFORMATION (CONT'D)

Operating segments (cont'd)

Note: (cont'd)

D Additions to non-current assets excluding deferred tax assets and financial assets consist of:

	Group 2022 RM	Group 2021 RM
Continuing operations		
- Property, plant and equipment	248,727	284,251
Discontinued operations		
- Property, plant and equipment	–	309,424
- Right-of-use assets	–	192,959
- Intangible assets	–	48,274
	–	550,657
	248,727	834,908

Geographical information

Revenue based on geographical location of the Group's customers are as follows:

	Group 2022 RM	Group 2021 RM
Revenue:		
- Malaysia	57,615,284	96,431,630
- Sri Lanka	602,601	1,309,391
- Indonesia	626,897	1,128,473
- Others	155,526	188,473
	59,000,308	99,057,967

Major customer information

The Group has 1 customer which contribute approximately RM24.05 million or 41% (2021: 1 customer, RM47.12 million or 48%) of the Group's revenue during the financial year.

Categories of financial instruments

The Group's and the Company's financial assets (excluding prepayments) and financial liabilities are all categorised as amortised costs.

Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their financial risks, including credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

29. FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk

Credit risk is the risk of financial loss to the Group and to the Company 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 its receivables (which consist of trade and other receivables), amounts due from an associate and related parties. The Company's exposure to credit risk arises primarily from its receivables (which consist of other receivables), amounts due from subsidiaries and a related party, as well as financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to prior years.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's association to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position as at the end of the reporting period.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis.

As at 31 December 2022, the Group has significant concentration of credit risk arising from the amounts due from 1 customer (2021: 1 customer) constituting 67% (2021: 76%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group has recognised a loss allowance of 100% for any receivables over 270 to 365 days past due from different customer profiles because historical experience has indicated that these receivables are generally not recoverable.

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses as disclosed in Note 3(o)(i). The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to different credit risk characteristics and the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

For collective assessment, the Group determines the expected credit losses by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics, the number of days past due and similar types of contracts which have similar risk characteristics.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss **(cont'd)**

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the forward-looking information on macroeconomic factors. The Group also considers differences between (a) economic conditions during the period over which the historical data has been collected, (b) current economic conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team and where necessary, the Group will also commence legal proceeding against the customers.

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 31 December 2021:

	Gross RM	Loss allowances RM	Net RM
Group			
2022			
Not past due	4,483,320	–	4,483,320
Past due:			
Less than 30 days	1,257,209	(19,207)	1,238,002
31 days to 60 days	2,810,567	(21,103)	2,789,464
61 days to 90 days	4,641,583	(29,771)	4,611,812
91 days to 120 days	2,200,898	(52,181)	2,148,717
More than 120 days	5,529,256	(13,708)	5,515,548
	16,439,513	(135,970)	16,303,543
Trade receivables, gross	20,922,833	(135,970)	20,786,863
Less: Loss allowances			
- Individually impaired	1,152,999	(1,152,999)	–
Trade receivables, net	22,075,832	(1,288,969)	20,786,863

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 31 December 2021: (cont'd)

	Gross RM	Loss allowances RM	Net RM
2021			
Not past due	17,011,166	–	17,011,166
Past due:			
Less than 30 days	13,024,179	(23,072)	13,001,107
31 days to 60 days	3,757,015	(16,978)	3,740,037
61 days to 90 days	929,021	(24,543)	904,478
91 days to 120 days	711,829	(37,415)	674,414
More than 120 days	435,287	(77,992)	357,295
	18,857,331	(180,000)	18,677,331
Trade receivables, gross	35,868,497	(180,000)	35,688,497
Less: Loss allowances			
- Individually impaired	3,609,981	(3,609,981)	–
Trade receivables, net	39,478,478	(3,789,981)	35,688,497

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. These relate to a number of independent customers with slower repayment patterns, for whom there is no recent history of default. The Group does not hold any collateral or other credit enhancement over these balances.

Credit impaired

Trade receivables that are individually or collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments which are past due more than 270 to 365 days from different customer profiles. These receivables are not secured by any collateral or credit enhancements.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Credit impaired (cont'd)

The movement in the allowance for impairment loss on trade receivables is as follows:

	Group	
	2022 RM	**2021 RM**
At 1 January	3,789,981	6,090,399
Charge for the financial year	1,108,969	3,152,184
Reversal during the financial year	–	(5,231,449)
Net addition/(reversal)	1,108,969	(2,079,265)
Disposal of subsidiaries	–	(41,737)
Written off during the financial year	(3,609,981)	(179,416)
At 31 December	1,288,969	3,789,981

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position.

The movement in the allowance for impairment loss on other receivables is as follows:

	Group	
	2022 RM	**2021 RM**
At 1 January	–	356,183
Written off during the financial year	–	(356,183)
At 31 December	–	–

Credit risk on deposits is mainly arising from deposits paid to landlord and local authorities as security and utilities deposit for rental of premises and for collateral which will be received upon termination of such services and thus have low credit risks. The Group and the Company manage the credit risk together with the leasing arrangement.

As at the end of the reporting period, no allowance for doubtful debts is necessary in respect of the deposits as these are mainly arising from debtors that have good records of payment in the past.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM540,696 (2021: RM718,697), representing the outstanding credit facilities of the subsidiaries as at the end of reporting period. The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

These financial guarantees are subject to the impairment requirement under MFRS 9. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligations to the bank in full; or
- The subsidiaries are continuously loss-making and having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that the subsidiaries' which were granted these loan facilities (Note 26) would default on repayment. Hence, the financial guarantees granted by the Company has not been recognised since the fair value on initial recognition was not material.

Amounts due from related parties

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral.

Subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans or advances to be credit impaired when the subsidiaries are unlikely to repay their loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the reporting date, there was no indication of impairment loss in respect of amounts due from subsidiaries.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Amounts due from related parties

Associate

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured loans and advances to an associate. The Group monitors the ability of an associate to repay the loans and advances on an individual basis.

Recognition and measurement of impairment loss

Generally, the Group considers loans and advances to an associate have moderate credit risk. The Group assumes that there is a significant increase in credit risk when the associate's financial position deteriorates significantly. The Group considers the associate's loans and advances to be credit impaired when the associate is unlikely to repay its loans or advances to the Group in full given insufficient highly liquid resources when the loans are demanded.

The movement in the allowance for impairment loss on amount due from an associate is as follows:

	Group	
	2022 RM	**2021 RM**
At 1 January	–	–
Charge for the financial year	2,150,447	–
At 31 December	2,150,447	–

During current financial year, the amount due from an associate has been fully impaired.

Related party

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured loans and advances to a related party, which is also a former subsidiary of the Company. The Group and the Company monitor the ability of the related party to repay the loans and advances on an individual basis, which is subject to a repayment plan as disclosed in Notes 16(b)(v) and 19(i) respectively.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider loans and advances to a related party have moderate credit risk. The Group and the Company assume that there is a significant increase in credit risk when the related party's financial position deteriorates significantly. The Group and the Company consider the related party's loans and advances to be credit impaired when the related party is unlikely to repay its loans or advances to the Group and to the Company in full given insufficient highly liquid resources when the loans are demanded.

As at the reporting date, there was no indication of impairment loss in respect of amount due from a related party.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial liability.

In respect of interest-bearing financial liability, the effective interest rates at the reporting date, in which they reprice or mature, whichever is earlier are disclosed in Note 26.

Exposure in interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2022 RM	**2021 RM**
Floating rate instruments		
Financial liability:		
- Borrowings	(540,696)	(718,697)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	Increase/ (Decrease) RM	**(Decrease)/ Increase RM**
Effect on results after tax/equity		
Increase of 100 basis point (2021: 100 basis point)	(4,109)	(5,462)
Decrease of 100 basis point (2021: 100 basis point)	4,109	5,462

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirements.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

		← Contractual Cash Flows →		
	Carrying Amount RM	**On demand/ Within 1 year RM**	**1 to 2 years RM**	**Total RM**
Group				
2022				
Financial liabilities:				
Trade and other payables	10,747,805	10,747,805	–	10,747,805
Borrowings	540,696	602,335	–	602,335
Lease liabilities	66,633	74,200	–	74,200
	11,355,134	11,424,340	–	11,424,340
2021				
Financial liabilities:				
Trade and other payables	29,540,794	29,540,794	–	29,540,794
Borrowings	718,697	765,340	–	765,340
Lease liabilities	146,641	89,088	74,200	163,288
	30,406,132	30,395,222	74,200	30,469,422

		← Contractual Cash Flows →		
	Carrying Amount RM	**On demand/ Within 1 year RM**	**1 to 2 years RM**	**Total RM**
Company				
2022				
Financial liabilities:				
Trade and other payables	541,011	541,011	–	541,011
Financial guarantees *	–	540,696	–	540,696
	541,011	1,081,707	–	1,081,707
2021				
Financial liabilities:				
Trade and other payables	5,360,799	5,360,799	–	5,360,799
Financial guarantees *	–	718,697	–	718,697
	5,360,799	6,079,496	–	6,079,496

* *The liquidity risk exposure is included for illustration purpose only as the related financial guarantee have not crystallised.*

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group, which is RM as disclosed in Note 2(c). The currencies giving rise to this risk are primarily Chinese Yuan Renminbi ("CNY"), Indonesian Rupiah ("IDR") and United States Dollar ("USD") respectively.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

Foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

<u>Exposure to foreign currency risk</u>

The Group's and the Company's significant exposure to foreign currency (a currency which is other than functional currency of the Group and the Company) risk, based on carrying amounts as at end of the reporting period was:

	Cash at bank RM	Receivables RM	Payables RM	Amount due from subsidiaries RM	Total RM
Group					
2022					
CNY	106	–	(151,380)	–	(151,274)
IDR	–	1,152,999	–	–	1,152,999
USD	18,232	14,429	(1,012,810)	–	(980,149)
	18,338	1,167,428	(1,164,190)	–	21,576
2021					
CNY	10,687	–	(302,774)	–	(292,087)
IDR	–	558,061	–	–	558,061
USD	83,354	41,451	(69,307)	–	55,498
	94,041	599,512	(372,081)	–	321,472
Company					
2022					
USD	2,343	–	–	4,127,058	4,129,401
2021					
USD	2,223	–	–	–	2,223

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(iv) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's results net of tax to a reasonably possible change in these foreign currencies exchange rates against RM, with all other variables held constant:

		Increase/(Decrease) in results after tax/equity 2022 RM	2021 RM
Group			
CNY/RM	- Strengthened 5% (2021: 5%)	(5,748)	(11,099)
	- Weakened 5% (2021: 5%)	5,748	11,099
IDR/RM	- Strengthened 5% (2021: 5%)	43,814	21,206
	- Weakened 5% (2021: 5%)	(43,814)	(21,206)
USD/RM	- Strengthened 5% (2021: 5%)	(37,246)	2,109
	- Weakened 5% (2021: 5%)	37,246	(2,109)
Company			
USD/RM	- Strengthened 5% (2021: 5%)	156,917	84
	- Weakened 5% (2021: 5%)	(156,917)	(84)

30. FAIR VALUES INFORMATION

Financial instruments at fair value

As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instruments other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

31. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a healthy capital ratio in order to support their business and maximise shareholders' value. The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirement.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2022 and 31 December 2021.

31. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital. Net debt includes loans and borrowings and lease liabilities whilst total capital is the equity attributable to the Owners of the Company.

The gearing ratio as at 31 December 2022 and 31 December 2021, which are within the Group's and the Company's objective of capital management are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Loans and borrowings	540,696	718,697	–	–
Lease liabilities	66,633	146,641	–	–
	607,329	865,338	–	–
Total equity attributable to Owners of the Company	62,983,516	68,278,446	73,887,305	74,766,731
Gearing ratio (times)	0.010	0.013	*	*

* *Not applicable*

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Under the terms of the borrowing facilities, AHSB is required to comply with the following financial covenants:

(i) Dividends are only allowed to be declared and paid if AHSB records a profit; and
(ii) AHSB shall maintain a gearing ratio of not more than 2.00 times throughout the tenure of the facility.

The Group is in compliance with the externally imposed capital requirement as mentioned above.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Proposed Private Placement and/or Proposed Shares Subscription

On 8 December 2021, the Company proposed to undertake a proposed issuance of shares ("Proposed Share Issuance") up to 30,557,154 new shares ("Adventa Shares" or "Shares"), representing 20% of the Company's total number of issued shares (excluding treasury shares, if any), pursuant to Section 75 and 76 of the Act through the following:

(i) Proposed placement of shares to third-party inventor(s) ("Proposed Private Placement"); and/or
(ii) Subscription of shares from Macquarie Bank Limited ("Macquarie Bank" or the "Investor") ("Proposed Shares Subscription").

The Company had on the same day entered into a Subscription Agreement with Macquarie Bank to subscribe up to 15,000,000 new Adventa Shares, hence the total number of Shares to be placed under the Proposed Private Placement shall be the balance of 30,557,154 new Shares less the number of shares subscribed by Macquarie Bank.

Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 10 December 2021, approved the listing of and quotation for 30,557,154 new Adventa Shares to be issued pursuant to the Proposed Shares Issuance. However, the general mandate for issuance of new shares up to 20% of the total number of issued shares of the Company obtained from shareholders on the 18th Annual General Meeting ("AGM") held on 24 June 2021 could only be utilised until 31 December 2021, after which, the 10% limit under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Securities will be reinstated.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(i) Proposed Private Placement and/or Proposed Shares Subscription (cont'd)

On 1 June 2022, Bursa Securities has granted an extension of time ("EOT") until 9 December 2022 for the Company to complete the implementation of the Proposed Share Issuance, of which this has been approved by the shareholders at the 19th AGM held on 23 June 2022. The EOT has lapsed on 9 December 2022 and subsequently, the entire Proposed Share Issuance had been terminated.

(ii) Proposed Employee Share Scheme ("Proposed ESS")

On 28 March 2022, the Company proposes to undertake the establishment of an employee share scheme, which comprises the proposed employee share option scheme ("Proposed ESOS") and the proposed share grant plan ("Proposed SGP"), of up to 15% of the issued share capital of the Company (excluding treasury shares of the Company, if any) at any time during the duration of the employee share scheme, for the eligible employees and Directors of the Company and its subsidiaries ("Eligible Persons"), which are not dormant, who fulfil the eligibility criteria as set out in the by-laws of the employee share scheme ("Proposed ESS"). The proposed ESS shall comprise of the Proposed SGP and Proposed ESOS, by which the listing application has been submitted to Bursa Securities on 8 April 2022.

The Proposed ESS was approved by Bursa Securities and shareholders of the Company on 22 April 2022 and 19th AGM of the Company held on 23 June 2022 respectively. The effective date for the ESS has been fixed on 12 October 2022, being the date of submission of several documents in relation to the ESS to Bursa Securities.

As at the date of this report, no allotment of shares in relation to ESS.

(iii) Incorporation of subsidiaries and disposal of subsidiaries

Details of significant events in relation to the incorporation and disposal of subsidiaries during the financial year are disclosed in Note 16(a) and 16(b) respectively.

33. EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Proposed acquisition ("Proposed Acquisition") of industrial land/plot by PT Adventa Biotech

On 13 January 2023, a subsidiary of the Company, PT Adventa Biotech has entered into a Sale and Purchase Agreement with PT Kawasan Industri Kendal of Jalan Raya Arteri KM. 19, Desa Brangsong, Kecamatan Brangsong, Kabupaten Kenda, 51371 Jawa Tengah, Indonesia for the purpose of acquiring an industrial land/plot which is locally known as Jalan Pareanom No. 11, for a total purchase consideration of IDR45,036,000 (equivalent to approximately RM13,060,440).

As at the date of this report, the Proposed Acquisition has yet to be completed as the condition precedents have yet to be fulfilled.

34. CAPITAL COMMITMENT

	Group	
	2022 RM	**2021 RM**
Authorised but not contracted for:		
- Industrial land	9,277,416	–

LIST OF **PROPERTIES**

FOR YEAR ENDED 31 DECEMBER 2022

Name of registered owner/Address	Description/ Use	Land Area (square metres)	Tenure	Age of Building (No. of Years)	Net Book Value as at 31.12.2022 RM'000	Date of Revaluation Or Acquisition
PTM Progress Trading & Marketing Sdn. Bhd. Lot PT17 HSM 9655 Mukim of Sungai Buluh District of Petaling Selangor	Warehouse	8,090	60 years leasehold expiring on 29.12.2055	7	11,664	22.12.2014

STATISTICS OF **SHAREHOLDINGS**
AS AT 31 MARCH 2023

Class of Shares	:	Ordinary Shares
On a poll	:	One (1) vote per Ordinary Share
Total number of issued shares	:	152,785,770 Ordinary Shares

ANALYSIS OF SHAREHOLDINGS

A. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1- 99	168	2.36	6,195	0.00
100 - 1,000	1,732	24.29	1,235,288	0.81
1,001 - 10,000	4,047	56.75	18,446,111	12.07
10,001 - 100,000	1,108	15.54	30,999,464	20.29
100,001 to 7,639,287 (*)	73	1.02	19,985,860	13.08
7,639,288 and above (**)	3	0.04	82,112,852	53.74
Total	**7,131**	**100.00**	**152,785,770**	**100.00**

Remark: * less than 5% of issued holdings
** 5% and above of issued holdings

B. SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholders)

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Low Chin Guan	59,035,652	38.64	–	–

C. DIRECTORS' SHAREHOLDINGS
(as shown in the Register of Directors' Shareholdings)

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Low Chin Guan	59,035,652	38.64	–	–
2.	Kwek Siew Leng	500,000	0.33	–	–
3.	Toh Seng Thong	–	–	–	–
4.	Edmond Cheah Swee Leng	–	–	–	–
5.	Dato' Selwyn Vijayarajan Das	–	–	–	–

Mr. Low Chin Guan, by virtue of his total direct interests of 59,035,652 shares in the Company, and pursuant to Section 8(4)(c) of the Companies Act 2016, is deemed interested in the shares in all of the Company's subsidiary companies to the extent that the Company has interests.

D. THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	Number of Shares	%
1.	Low Chin Guan	45,035,652	29.48
2.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for Clearstream Banking S.A.	23,077,200	15.10
3.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Chin Guan	14,000,000	9.16
4.	Low Lea Kwan	5,510,960	3.61
5.	K Mayah A/P Kuppusamy @ Naghuran	730,400	0.48
6.	Lee Kok Hin	720,900	0.47
7.	W H Timber Industries Sdn. Bhd.	663,000	0.43
8.	Koh Eng Poh	600,000	0.39
9.	Kwek Siew Leng	500,000	0.33
10.	See Tian Hong	370,000	0.24
11.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Premier Elite Marketing Sdn. Bhd.	346,500	0.23
12.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Guan Tuck	300,000	0.20
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chang Jong Yu	280,000	0.18
14.	Liew Thau Sen	275,500	0.18
15.	Lau Kien Wee	270,000	0.18
16.	Chan Yen Jone	260,000	0.17
17.	Tan Soon Thiam	249,300	0.16
18.	Wong Kok Sin	242,100	0.16
19.	Lim Soon Huat	225,700	0.15
20.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pua Chye	220,000	0.14
21.	Syed Ahmad Khalid Bin Syed Mohammed	220,000	0.14
22.	Choi Kim Joo	210,000	0.14
23.	M.Baaden Bin Asasmulia	206,400	0.14
24.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ker Aa Tin	203,100	0.13
25.	Chan Wei Teck	200,000	0.13
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Saw Hai Earn	200,000	0.13
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Yap Leng Hong	200,000	0.13
28.	See Ean Seng	200,000	0.13
29.	Syalin Sdn. Bhd.	200,000	0.13
30.	Liew See Kim	190,000	0.12
		95,906,712	**62.77**

NOTICE OF TWENTIETH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 June 2023 at 2:30 p.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. [Please refer to Explanatory Note (i)]

2. To approve the payment of Directors' fees and benefits amounting to RM327,360/- for the financial year ending 31 December 2023. (Resolution 1)

3. To re-elect the following Directors who retire pursuant to Clause 114 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Edmond Cheah Swee Leng; and (Resolution 2)
   (b) Mr. Toh Seng Thong. (Resolution 3)

4. To re-appoint Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 4)

5. **As Special Business**

   To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

   ORDINARY RESOLUTION 1 (Resolution 5)
   - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016

   "**THAT** subject always to the Companies Act 2016, the Constitution of the Company, the approvals of Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company, at any time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

   THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

   THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016;

   AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 2 (Resolution 6)

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

"**THAT** subject to the Companies Act 2016, the Constitution of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the existing recurrent related party transactions of a revenue or trading nature ("**Recurrent Related Party Transactions**") as set out in the Company's Circular to Shareholders dated 28 April 2023 ("**Circular**") with the related parties mentioned therein subject further to the following:-

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on normal commercial terms not more favourable than those generally available to the public and not detrimental to the minority shareholders of the Company; and

(ii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

AND THAT the authority conferred by such mandate upon the passing of this ordinary resolution shall continue to be in force until:-

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

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

ORDINARY RESOLUTION 3 (Resolution 7)

- WAIVER OF PRE-EMPTIVE RIGHTS FOR ISSUANCE OF NEW SHARES UNDER EMPLOYEES SHARES OPTION SCHEME ("ESOS")

"**THAT** further to shareholders' approval obtained on 23 June 2022 on the Employee Share Scheme, which comprises the ESOS and the Share Grant Plan and pursuant to Section 85(1) of the Act and Clause 14 of the Constitution of the Company, shareholders hereby waive their pre-emptive rights over all options and/or grants offered/to be offered pursuant to the ESOS and/or any new shares to be issued pursuant to the exercise of such options and/or the vesting of such grants by eligible employees and executive directors of the Company and its subsidiaries, such new shares, when issued, shall rank pari passu with the existing shares."

6. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act 2016 or the Constitution.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

CONT'D

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
LIM LIH CHAU (SSM PC NO. 201908001454) (LS 0010105)
Company Secretaries

Kuala Lumpur
28 April 2023

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2023 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

2. A Member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.

3. Where a Member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

4. The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude any shareholder from participating and voting at the Nineteenth Annual General Meeting should any shareholder subsequently wishes to do so provided a Notice of Termination of Authority to act as Proxy is given to the Company.

   All resolutions set out in this notice of meeting are to be voted by poll.

7. Any Notice of Termination of Authority to act as Proxy must be received in writing by the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Explanatory Notes to Ordinary and Special Business:

(i) Audited Financial Statements for the financial year ended 31 December 2022

This Agenda item is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Resolutions 2 and 3 - Re-election of Directors who retire pursuant to Clause 114 of the Company's Constitution

Pursuant to Clause 114 of the Company's Constitution, an election of Directors shall take place each year. At the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors including Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the general meeting at which he retires.

For the purpose of determining the eligibility of the Director to stand for re-election at the Twentieth Annual General Meeting of the Company, the Board of Directors through its Nomination Committee undertakes a formal evaluation to determine the eligibility of each retiring Director in line with Practice 6.1 of the Malaysian Code on Corporate Governance, which include the following:

i. Effectiveness of the Board as a whole and the Committees of the Board;
ii. Contribution and performance of each individual Director;
iii. Fit and proper assessment; and
iv. The required mix of skills and experience and other qualities, including core competence.

Based on the results of the abovementioned evaluations, the Board of Directors considered that the performance of Mr. Edmond Cheah Swee Leng and Mr. Toh Seng Thong (each referred to as "**retiring Director**") to be effective. The retiring Directors were able to meet the Board of Directors' expectation in terms of experience, expertise, integrity, competency, participation and contribution. Each retiring Director demonstrates commitment to the role and has sufficient time to meet his commitment to the Company. The retiring Directors had abstained from deliberation and decision on their own eligibility to stand for re-election at the meetings of the Board and Nomination Committee, where relevant.

(iii) Resolution 5 - Authority to issue and allot shares pursuant to the Companies Act 2016

The Company intended to renew the authority granted to the Directors of the Company at the Nineteenth Annual General Meeting of the Company held on 23 June 2022 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting.

The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 14 of the Company's Constitution, shareholders of the Company have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

CONT'D

(iii) Resolution 5 - Authority to issue and allot shares pursuant to the Companies Act 2016 (cont'd)

The following are excerpted from the Companies Act 2016 and the Company's Constitution:

Section 85(1) of the Companies Act 2016	Clause 14 of the Company's Constitution
Pre-Emptive Rights to New Shares Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.	14. Subject to any direction to the contrary that may be given by the Company in general meeting and subject always to this Constitution and the Act, all new shares or other Securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

(iv) Resolution 6 - Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature

The Proposed Resolution 6 is to renew the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("**Recurrent Related Party Transactions**") granted by the shareholders of the Company at the Nineteenth Annual General Meeting held on 23 June 2022 ("**Renewal of Existing Shareholders' Mandate**") to enable the Company and/or its subsidiaries ("**the Group**") to enter into Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

(v) Resolution 7 – Waiver of Pre-Emptive Rights for Issuance of New Shares under Employees Shares Option Scheme ("**ESOS**")

The Employee Share Scheme, which comprises the ESOS and the Share Grant Plan was approved by the shareholders on 23 June 2022. Subsequent to the approval, the Company now seeks for waiver of the pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 14 of the Constitution of the Company from the shareholders.

ADVENTA BERHAD
Registration No. 200301016113 (618533-M)
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NO.	- -
NO. OF SHARES HELD	
TELEPHONE NO.	
EMAIL ADDRESS	

I/We ....
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Registration No. ....)

of ....
(FULL ADDRESS)

being a *member/members of ADVENTA BERHAD ("**the Company**"), hereby appoint:-

First Proxy "A"

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			

and / or

Second Proxy "B"

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			
			100%

*or the **CHAIRMAN OF THE MEETING**, as *my/our proxy to vote for *me/us and on *my/our behalf at the Twentieth Annual General Meeting of the Company will be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 June 2023 at 2:30 p.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon			
		Resolution	**For**	**Against**
2.	To approve the payment of Directors' fees and benefits amounting to RM327,360/- for the financial year ending 31 December 2023.	1		
3.	To re-elect Mr. Edmond Cheah Swee Leng who retires pursuant to Clause 114 of the Company's Constitution.	2		
4.	To re-elect Mr. Toh Seng Thong who retires pursuant to Clause 114 of the Company's Constitution.	3		
5.	To re-appoint Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	4		
Special Business				
6.	Authority to issue shares pursuant to the Companies Act 2016	5		
7.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	6		
8.	Waiver of Pre-emptive rights for issuance of new shares under Employees Shares Option Scheme.	7		

** Strike out whichever not applicable.*

Signed this .... day of 2023

....
Signature(s) of Member(s)/Common Seal*

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2023 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.*
2. *A Member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
3. *Where a Member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*
4. *The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude any shareholder from participating and voting at the Nineteenth Annual General Meeting should any shareholder subsequently wishes to do so provided a Notice of Termination of Authority to act as Proxy is given to the Company.*
   All resolutions set out in this notice of meeting are to be voted by poll.
7. *Any Notice of Termination of Authority to act as Proxy must be received in writing by the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*
   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

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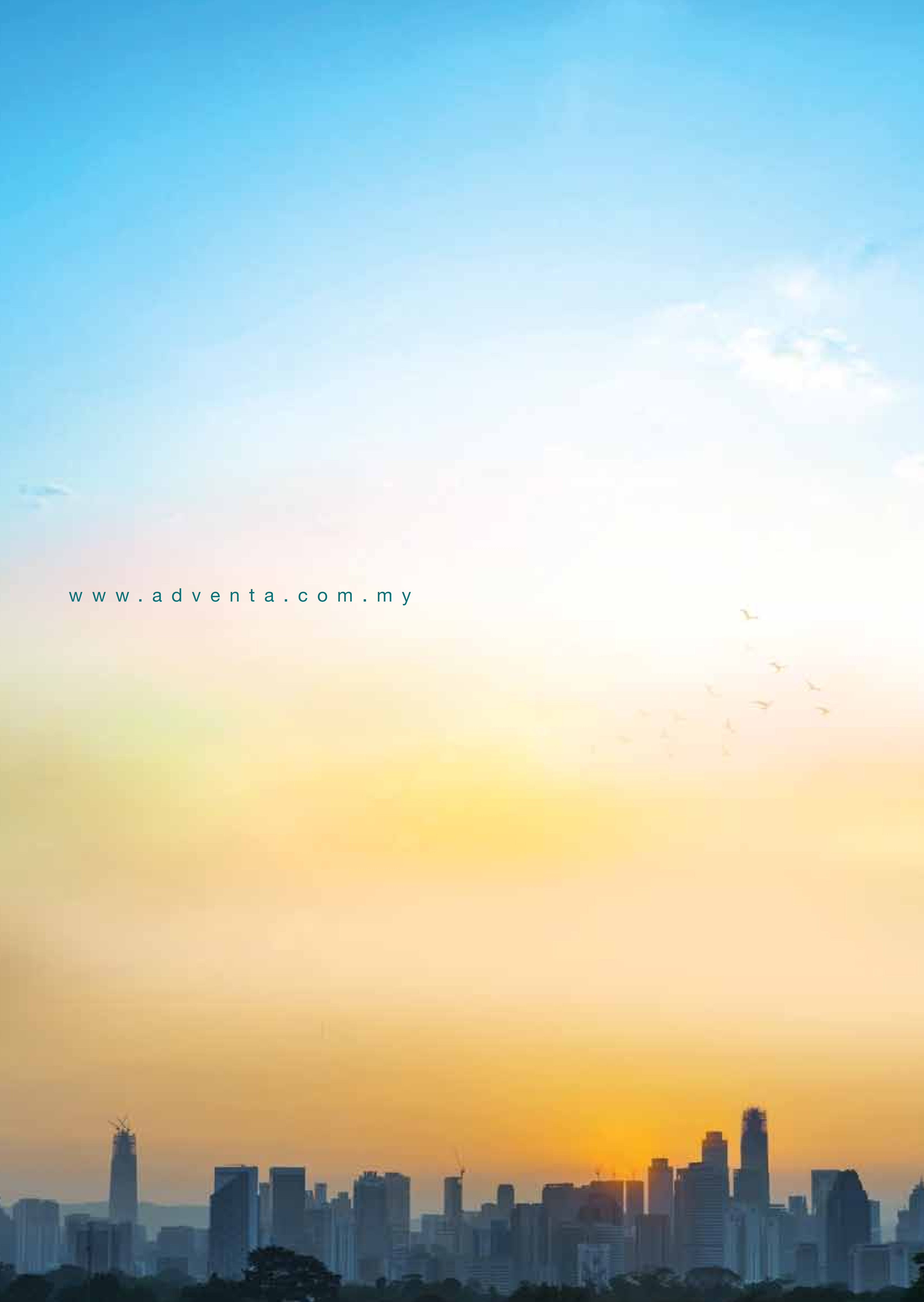
AFFIX
STAMP

ADVENTA BERHAD
Registration No. 200301016113 (618533-M)

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing


www.adventa.com.my