

**CITRA
NUSA**

CITRA NUSA HOLDINGS BERHAD
198901004452 (181758-A)



FUNNELLING LEADS

ANNUAL REPORT 2022





FUNNELING LEADS

Funneling leads is the process of directing potential customers through a series of steps, or a "funnel," in order to convert them into paying customers and generate revenue. Funneling leads is important because it helps us to optimize our marketing and sales efforts, increase the conversion rates, and ultimately generate more revenue. This is our focus for the coming years as we strive to seize valuable opportunities to attract and convert potential customers.

The goal of funneling leads for yields is to maximize the return on investment (ROI) of our marketing and sales efforts by focusing on the most promising leads and optimizing the conversion process. By targeting the right people at the right time with the right message, we believe we can increase our conversion rates and generate more revenue from our marketing and sales efforts.



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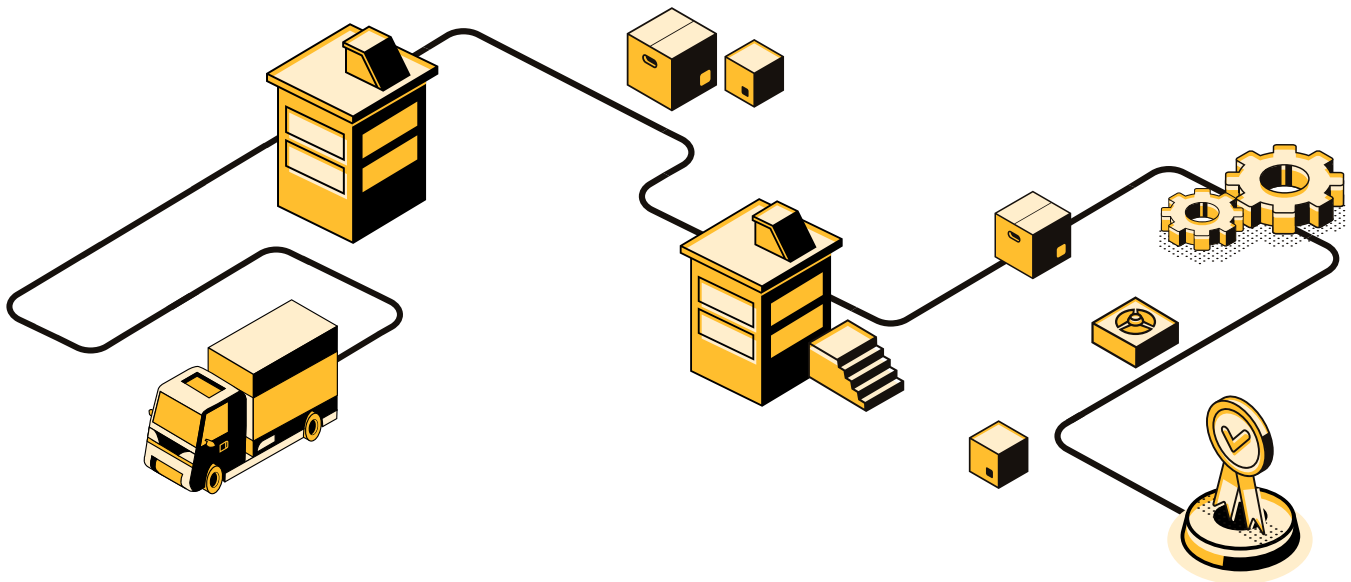
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CORPORATE PROFILE

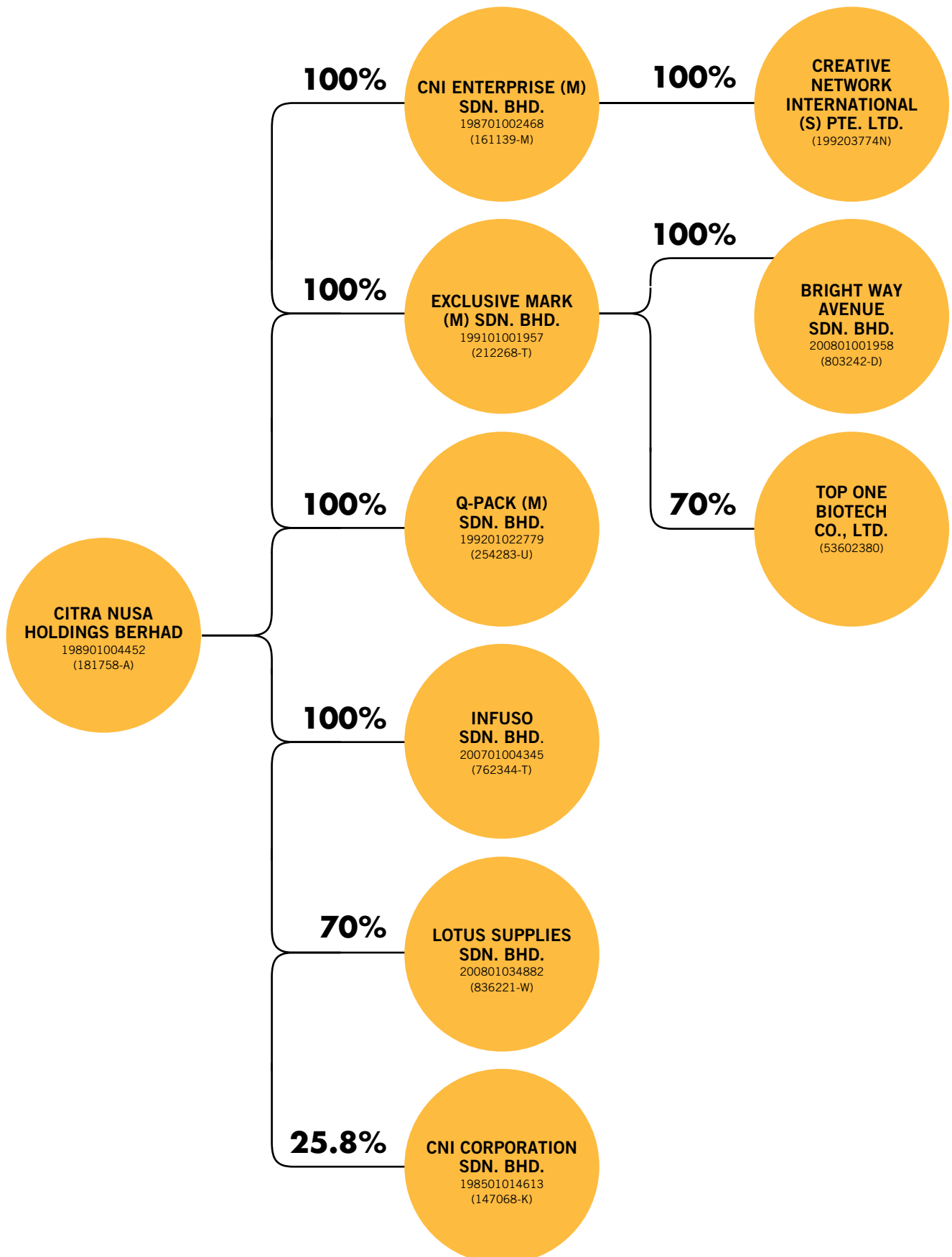
Citra Nusa Holdings Berhad ("CNH") was established in 1989 and listed on the Main Market of Bursa Malaysia Securities Berhad on 4 August 2005. CNH changed its name on 25 May 2021.

The principal business of CNH involves marketing and trading, manufacturing and others. For the marketing and trading segment, CNI has since 1987 become an established household name offering a wide range of wellness, food & beverage, beauty, personal care and household products. For over three decades, CNI has honed its expertise in building an extensive and efficient distribution network and thereby has gained market penetration in Malaysia, Brunei and Singapore. We have business presence nationwide with 91 branches, distribution centres and sales points.

For the manufacturing segment, our factories have been accredited with Good Manufacturing Practice (GMP) standards, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, FSSC 22000 (Version 5) and MS1480:2019 certifications, while much research and development (R&D) had been and are being carried out with various laboratories and research institutions to further improve CNI products.



GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' KOH PENG CHOR

Non-Independent Non-Executive Chairman

KOH HOW LOON

Group Chief Executive Officer

CHEW BOON SWEE

Executive Director

LIM LEAN ENG

Independent Non-Executive Director

CAROLYN ANNE KAM FOONG KHENG

Independent Non-Executive Director

COMPANY SECRETARY

CHIN YOKE KWAI

(MAICSA 7032000)

SSM Practicing Cert. No. 201908002010

AUDIT COMMITTEE

LIM LEAN ENG

Chairman

DATO' KOH PENG CHOR

CAROLYN ANNE KAM FOONG KHENG

NOMINATION AND REMUNERATION COMMITTEE

CAROLYN ANNE KAM FOONG KHENG

Chairman

LIM LEAN ENG

DATO' KOH PENG CHOR

RISK MANAGEMENT COMMITTEE

CAROLYN ANNE KAM FOONG KHENG

Chairman

LIM LEAN ENG

KOH HOW LOON

AUDITORS

GRANT THORNTON MALAYSIA PLT

(Member Firm of Grant Thornton International Ltd.)

Chartered Accountants

Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur.

Tel: 03-2692 4022

Fax: 03-2732 1010

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Wisma CNI, No.2 Jalan Perunding U1/17

Hicom-Glenmarie Industrial Park

Seksyen U1, 40150 Shah Alam, Selangor.

Tel : 03-5569 4000

Fax : 03-5569 3308

Email: info@citranusaholdings.com

Website: www.citranusaholdings.com

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya, Selangor.

Tel: 03-7890 4700 Fax: 03-7890 4670

Website: www.boardroomlimited.com

Email: bsrhelpdesk@boardroomlimited.com

PRINCIPAL BANKER

CITIBANK BERHAD

SOLICITORS

MESSRS ONG & KOK

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia

Securities Berhad on 4 August 2005

Stock Code: 5104

Stock Name: CNH

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	2022	2021	2020	2019	2018
Performance (RM'000)					
Revenue	77,148	74,132	67,690	66,738	86,148
(Loss) / Profit Before Taxation	(492)	2,062	757	(4,502)	3,515
Attributable (Loss) / Profit	(1,781)	657	584	(5,132)	605
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	69,296	71,382	69,158	68,415	73,594
Total Assets	86,679	90,043	86,420	87,492	96,199
Borrowings	2,107	2,284	2,330	2,499	1,156
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	(0.25)	0.09	0.08	(0.72)	0.08
Net Dividend Per Share (sen)	-	-	-	0.30	-
Net Assets Per Share ("APS") (sen)	9.62	9.91	9.61	9.59	10.62
Gearing Ratio (%)	0.29	0.32	0.33	0.35	0.16

CORPORATE EVENTS

NEW PRODUCT LAUNCH

Two new cosmetic products from Cni Beauty Care range were launched, namely *Cni* IRES Sensational Lipstick (in two tones: Sweet & Daring) and *Cni* IRES Flawless Longwear Cushion SPF30 (in two shades: Honey & Vanilla) offering easy makeup for modern women to express their true beauty.

01



02

PRODUCT UPGRADE

Two products were upgraded; Motobest Engine Oil 5W-40 formulation upgrade is further enhanced by ester synthetic that also acts to disperse heat faster for cooler engine and EcoFresh Air Purifier System with enhanced Smart Control WiFi feature to control and monitor air quality via Smart Life apps.

PACKAGING UPGRADE

Star product, Well3 Lyophilized Royal Jelly (30's) and Well3 D'MG were given a face lift with fresh new packaging design as part of CNI's continuous value-added exercise.

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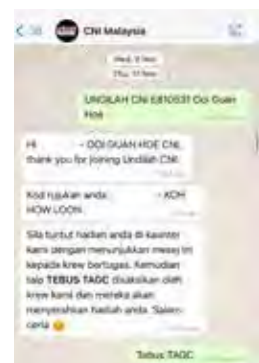
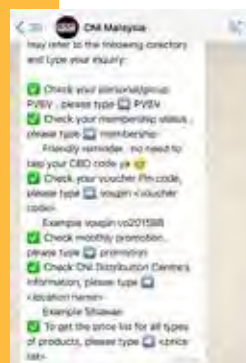
CNI GRANTED 10-YEAR DIRECT SALES LICENSE

CNI was among five selected companies granted a 10-year license by the Ministry of Domestic Trade and Cost of Living. This special privilege was based on CNI's track record, compliance with DSAM code of ethics and Direct Selling Act, and the company's contribution in nurturing local entrepreneurs in the past 36 years of establishment.

WHATSAPP AUTORESPONDER

The Whatsapp AutoResponder was publicly utilised with significant success rate for the first time during the "Undilah CNI" programme during Malaysia's general election day on 19 November 2022. This multipurpose service is meant to create public awareness and enhance the conversion rate of prospects becoming CBOs or customers.

05





06

2022 WINNERS' TRIP

CNI travel incentives took off once again in 2022 following COVID-19 transition into the endemic phase and the opening of international borders. High achieving CBOs who won the travel incentives were taken to Greece/Santorini, Bangkok and local destinations.



07

SINAR GEMILANG CNI 2022

The first post-MCO grand gala dinner and CBO recognition event was organised on 10 December at 5-star Acmar Hotel. The event was attended by 530 CBOs from Malaysia, Brunei and Singapore which also witnessed the inauguration of CNI's first Crown Diamond Agency Manager.



08

KDSA GROUP VISIT TO WISMA CNI

Delegates of the Korean Direct Selling Association (KDSA) arrived at Wisma CNI on 15 December for a short visit and tour of our GMP factory as part of their itinerary to better understand the Malaysian direct selling industry and build good relationships with members of DSAM.



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YAYASAN CNI LAUNCHES YEAP

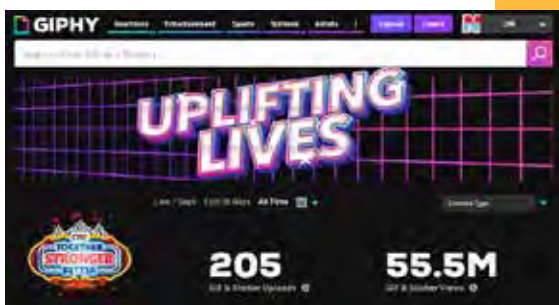
Yayasan CNI launched the Young Entrepreneur Apprentice Programme in collaboration with local public and private higher learning institutions as an initiative to give early business exposure to undergraduates and in support of reducing unemployment among graduates.



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CNI UPLIFTING LIVES

The CNI Uplifting Lives branding initiative was re-launched with a fresh outlook which covered the aspects of personal empowerment via CNI business, quality products from the heart, and a caring community where friends uplift friends. Part of this exercise include collaterals and creations of 205 emoji stickers which garnered 55.2 million views.



Our headquarters is located at Shah Alam, Selangor which is our corporate office. The Group has a nationwide presence with branches and distribution channels across Malaysia, Singapore and Brunei. The Marketing & Trading segment's business is conducted primarily via direct selling business model. Products are sold to consumers principally through CNI Business Owners ("CBOs") who earn incentives laid down in our stipulated marketing plan. Starting its business in 1987, CNI offers an opportunity to everyone to build their business with the quality products under the CNI brand. We also provide training programmes with other facilities and supporting tools for our CBOs to grow their business with us.

The Group owns 3 internationally accredited manufacturing facilities with ISO, HACCP and GMP certifications and Halal certifications from JAKIM. The manufacturing plants are located at Selangor, Malaysia and Tainan, Taiwan which primarily supply to our Marketing & Trading segment and carry out Original Equipment Manufacturer (OEM) contract manufacturing. We focus on manufacturing health food and functional beverages, household and personal care products. The Manufacturing segment exports to overseas such as China, Indonesia, Hong Kong, Thailand, Taiwan and the United States of America.

OVERVIEW OF MARKET PERFORMANCE

Overall, our business environment remained challenging in 2022. On the one hand, domestic economic activities gained stronger momentum as Malaysia entered the endemic phase and reopened international borders. In spite of that, we faced multiple headwinds from geopolitical tensions, global supply chain disruption, inflationary pressures, monetary policy tightening and global financial market volatility.

Despite the global macroeconomic uncertainties, we ensured the resilience and stability of our market by strengthening our fundamentals to deliver added value to our market participants and society at large.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group continues to demonstrate strength and agility in the way we do business and serve our customers. While we remain resilient, our financial performance was challenged and tested by the difficult operating environment. For FY2022, the Group posted revenue of RM77.1 million (FY2021: RM74.1 million). This represented an increase of 4% as compared to FY2021, mainly contributed by the manufacturing segment

However, the Group sustained a Loss Before Tax of RM492,000 for FY2022 (FY2021: Profit Before Tax ("PBT") of RM2.1 million). This was mainly due to the impairment of receivable, investments and assets.

The Group maintained a robust balance sheet with a net cash position of RM13 million at the close of FY2022. Total assets of the Group amounted to RM86.7 million, while total liabilities comprising mainly trade and other payables amounted to RM16.6 million. The cash holding of the

Group comprising short-term financial investments and cash and cash equivalents made up to 27% of the Group's total assets, giving us a high level of liquidity and flexibility.

Total equity attributable to shareholders at the close of FY2022 was RM69.3 million (FY2021: RM71.4 million) which declined by approximately RM2.1 million. Net assets per share attributable to ordinary equity holders of the Group ("NA") remained at RM0.10 at the close of FY2022.

Overall, the Group's funding arrangements are designed to keep an appropriate balance for the Group's businesses which are substantially transacted in cash and to provide flexibility to develop new businesses as and when the opportunities arise. As the Group is in a net cash position, the Group would have sufficient financing capabilities to tap on new investment opportunities, if any.

RETURN TO SHAREHOLDERS

The Board has taken into consideration the Group and the Company's financial position, operational working capital requirements and the need to conserve cash in the current uncertain economic climate. Arising therefrom, the Board does not recommend and declare any dividend in respect of FY2022.

REVIEW OF SEGMENTAL RESULTS AND OPERATING ACTIVITIES

Marketing & Trading Segment

The Marketing & Trading segment is the largest revenue contributor to the Group, contributing approximately 79% of total Group revenue in FY2022. This key segment continues to face unprecedented challenges from the domestic economy, with revenue slightly decreasing to RM61 million as compared to the preceding FY2021.



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MANAGEMENT DISCUSSION & ANALYSIS



Sensational Lipstick and IRES Flawless Longwear Cushion SPF30, being an extension of our existing beauty care range.

Both products were launched to capture the demand for beauty care products in the below 35 segment. We will continue to develop new products to cater for market demand with various new products already in the pipeline for next financial year. The majority of the new beauty products to be launched will be an extension of our existing IRES cosmetic range to leverage on the established brand recognition by consumers.

Simultaneously, we have upgraded the formulation of our engine oil, Motobest 5W-40 that comes in 4 litres and 1 litre bottles and enhanced our EcoFresh Air Purifier System that is now equipped with WiFi feature. Our star product, Well3 Lyophilized Royal Jelly has also undergone a packaging upgrade while we offer two seasonal products, namely Pineapple Tart and Mooncake to fulfill and capitalise on the current market needs.



Despite the reopening of all economic and social sectors in the second half of 2021, this segment has yet to see full recovery to the business. Consumer sentiment and spending power remain weak and further dampened by inflationary concerns, while the spread of the COVID-19 variants still discourage active participation of physical events. We see challenges ahead and will continue to sustain and fortify business continuity via forward thinking, anticipation, prompt execution and adjustment of business plans. This segment will require a longer time to rebuild momentum and enjoy the results of its marketing strategies, but it is making steady progress to emerge stronger.

The Marketing & Trading segment had a good pipeline with the launch of cosmetic products in FY2022, namely IRES

Our broad-based CBO network has been the proud testament of this segment. Inevitably, we have experienced a contraction in membership renewal and recruitment during FY2022 due to the weak consumer sentiment as well as competition from casual employment. We see this as a temporary setback and are working hard to rebuild the network. Initiatives are underway to provide support for our CBOs. We have initiated fundamental courses to help CBOs to hone their digital marketing skills. An updated product catalogue containing our best-selling products have been introduced to equip entrepreneurial new CBOs with an additional tool to start a new business for themselves.

We marked a notable success in the year 2022 for organizing our first Post-MCO Sinar Gemilang CNI annual celebration



in recognition of high achieving CBOs. The event attracted 530 CBOs from all over Malaysia, Brunei and Singapore. The grand scale celebration included new product launch, sales counters, product exhibition, entertainment, rank promotion & trip incentive recognition as well as the inauguration of our very first Crown Diamond Agency Manager which is the highest achievement in CNI business.

To ensure sustainability of buying interest and enhancement of overall buying experience, we have implemented various initiatives to strengthen our business digitally and to foster the entrenchment of digital adoption among our CBOs. We will continue to invest to sustain our brand image in the social media and digital platforms including regular updates and frequent uploading of new contents on Facebook, Telegram etc. In addition, our revamped CBC portal comes with various enhancements so that CBOs can easily access product and promotional information. We are also encouraging digital adoption among our staff with zoom gathering to conduct product talk and to share direct selling's latest updates and information.



Manufacturing Segment

The Manufacturing segment recorded revenue of RM31.5 million for FY2022 which was higher than FY2021 revenue by RM5.4 million (21%).

We continue to seek new OEM customers and penetrate new markets to cushion the impact of inflationary pressure in FY2022.

The Manufacturing segment focused on new product development and formulation enhancement with support from our research laboratory and GMP plant facility to promote new scientifically proven and innovative product development.



MOVING FORWARD STATEMENT

The outlook remains cloudy with the global economy entering a pronounced slowdown amid heightened geopolitical risks, supply disruption and inflation, adding to the broader issues of rising debt and income inequality at a time when global monetary policy is being tightened. Accordingly, the Group will need to remain vigilant and carefully calibrate business strategies against the backdrop of persistent business disruptions.

The Group is well supported by its solid financial position and strategic plans put in place by the Management to mitigate business risks. We will continue to prioritise digital adoption across all segments for our increasingly connected customers, while also intensifying product development alongside ongoing cost optimization initiatives.

Notwithstanding the current unpredictable business environment, the Group is expected to maintain its financial resilience and optimize its operations to navigate further challenges ahead. The Board remains positive that the Group will continue to deliver value to shareholders in the coming years.

BOARD OF DIRECTORS' PROFILE

DATO' KOH PENG CHOR

Non-Independent Non-Executive Chairman
Malaysian, Male,
71 years old



Date of Appointment:

- 11 December 1990

Qualification:

- Honorary Doctor of Philosophy in Multilevel Marketing Management by Summit University, USA
- Fellow Member of the Institute of Marketing, Malaysia

Working Experience:

- As the main founder, he has been instrumental in the development and growth of CNH.

Board Committee:

- Chairman of the Investment Committee
- Member of the Audit Committee and Nomination and Remuneration Committee

Other Directorship:

- Nil

Family Relationship:

- He is a major shareholder of CNH. He is the father of Mr. Koh How Loon, Group CEO of CNH. He is the spouse of Datin Chuah Tek Lan, a major shareholder of CNH.



KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male,
45 years old

Date of Appointment:

- 1 February 2012

Qualification:

- Bachelor of Administration in Supply Chain Management, University of Michigan State, USA
- Master in Business Administration, University of Victoria, Australia

Working Experience:

- He started his career with CNIE as Management Trainee in 2001. He was the Personal Assistant to the Group Chairman & CEO of CNH. He was appointed as Executive Director of CNIE in 2007 and the CEO of CNIE in 2011. He assumed his current position as the Group CEO of CNH on 1 March 2018.

Board Committee:

- Chairman of the Executive Management Committee
- Member of the Risk Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:

- Nil

Family Relationship:

- He is the son of Dato' Koh Peng Chor, the Chairman and a major shareholder of CNH and Datin Chuah Tek Lan, a major shareholder of CNH.

CHEW BOON SWEE

Executive Director
Malaysian, Male,
63 years old



Date of Appointment:

- 18 September 2003

Qualification:

- Bachelor of Science, National Taiwan Chung Hsing University
- Professional member of the Malaysian Institute of Food Technologist
- International member of the Institute of Food Technologist

Working Experience:

- He started his career with Empire Food Industries Sdn Bhd and subsequently joined Fortune Lab (M) Sdn Bhd. He was appointed as the CEO of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP") in 2003. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of EM and Q-Pack.

Board Committee:

- Member of Executive Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:

- Nil

Family Relationship:

- Nil

BOARD OF DIRECTORS' PROFILE



LIM LEAN ENG

Independent Non-Executive Director
Malaysian, Male,
56 years old

Date of Appointment:

- 16 November 2007

Qualification:

- Diploma in Financial Accounting, Tunku Abdul Rahman College
- Fellow Member of the Association of Chartered Certified Accountants, UK

Working Experience:

- He joined Oriental Capital Assurance Berhad as Manager, Accounts & Finance in 1995, and was the Investment & Property Manager with PC Marketing Sdn Bhd. He is currently a Director of Yi Fu Culture Sdn Bhd and Ruzang Culture Sdn Bhd.

Board Committee:

- Chairman of Audit Committee
- Member of the Nomination and Remuneration Committee and Risk Management Committee

Other Directorship:

- Nil

Family Relationship:

- Nil

CAROLYN ANNE KAM FOONG KHENG

Independent Non-Executive Director
Malaysian, Female,
59 years old



Date of Appointment:

- 25 May 2022

Qualification:

- Fellow Member of the Association of Chartered Certified Accountants, UK

Working Experience:

- She started her career in 1988 as an Audit Senior in the UK. Upon her return to Malaysia in 1992, she started as Finance & Administration Manager and progressed to Group Financial Controller in 1996. She joined Amway (Malaysia) Holdings Berhad as Financial Controller in 2001. In 2014, she assumed the position of Senior Vice President, Operations in Hong Kong. She retired in 2019 and currently involved in social communities endeavours.

Board Committee:

- Chairman of Nomination and Remuneration Committee, Risk Management Committee and Anti-Bribery Committee
- Member of the Audit Committee

Family Relationship:

- Nil

Notes:

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of CNH, have no conflict of interest with the Company, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022.

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 30.

KEY SENIOR MANAGEMENT'S PROFILE

KOH HOW LOON

Group Chief Executive Officer
Malaysian, Male,
45 years old

Date of Appointment to the current position:

- 1 March 2018

Qualification:

- Bachelor of Administration in Supply Chain Management, University of Michigan State, USA
- Master in Business Administration, University of Victoria, Australia

Working experience:

- He started his career with CNIE as Management Trainee in 2001. He was the Personal Assistant to the Group Chairman & CEO of CNH. He was appointed as Executive Director of CNIE in 2007 and the CEO of CNIE in 2011. He assumed his current position as the Group CEO of CNH on 1 March 2018.

Other Information:

- He is the Chairman of the Executive Management Committee.
- He is a member of the Risk Management Committee, Investment Committee and Investor Relations & Corporate Disclosure Committee.
- He is the son of Dato' Koh Peng Chor, the Chairman of CNH and a major shareholder of CNH and Datin Chuah Tek Lan, a major shareholder of CNH.

CHEW BOON SWEE

Chief Executive Officer of Manufacturing Segment
Malaysian, Male,
63 years old

Date of Appointment to the current position:

- 18 September 2003

Qualification:

- Bachelor of Science, National Taiwan Chung Hsing University
- Professional member of the Malaysian Institute of Food Technologist
- International member of the Institute of Food Technologist

Working experience:

- He started his career with Empire Food Industries Sdn Bhd and subsequently joined Fortune Lab (M) Sdn Bhd. He was appointed as the CEO of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP") in 2003. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of EM and Q-Pack.

Other Information:

- He is a member of the Executive Management Committee, Investment Committee and Investor Relations & Corporate Disclosure Committee.

Notes:

Save as disclosed, the above Key Senior Management have no family relationship with any Director and/or major shareholder of CNH, have no conflict of interest with the Company, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022.

SUSTAINABILITY STATEMENT

At CNH, there is no compromise of our efforts in maintaining balanced growth and value creation in the society and environment for our stakeholders. This Sustainability Statement reports on the ongoing efforts in ensuring business sustainability in the context of economic, environmental, social and governance aspects within CNH and its subsidiaries (“the Group”).

This Sustainability Statement was prepared based on the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Sustainability Reporting Framework. The Sustainability Statement focuses on activities carried out by the Group during the financial year from 1 January 2022 to 31 December 2022, with historical data of the preceding years included for comparison, where available and relevant.

The scope of the Sustainability Statement covers sustainability-related performances, achievements and various initiatives in the past financial year 2022 (“FY2022”) and unless otherwise specified, covers our Marketing & Trading segment and Manufacturing segment. They account for 79% and 21% of the Group’s total revenue in FY2022 respectively. It includes data from CNH’s subsidiaries but not from associates.

The Group strives to provide its stakeholders with an overview of the Group’s approach and progress made in meeting its sustainability commitments. We believe that external assurance improves credibility and transparency of the Sustainability Statement. Hence we are committed to continuously improve our sustainability disclosures and explore external assurances in the future.

Sustainability Governance

CNH’s sustainability governance framework supports the Group’s progress and response to future challenges. Effective sustainability governance and management structure are vital to ensure integration of the Group’s sustainability strategies and commitments into its business agenda and operations. A robust management system is also key in sustaining the Group’s endeavours.

The Board of Directors (“BOD”) governs and leads CNH’s overall responsibility in integrating sustainable economic, environmental and social initiatives throughout the Group’s business strategies. The Group’s CEO reports to the BOD on key issues which impact the Group’s sustainable responsibilities and commitments. The Group CEO’s mandate is to develop sustainable strategies and policies, and to assist the BOD’s decision-making efforts. The Group’s CEO also has a monitoring role to ensure CNH meets both its compliance and sustainable development responsibilities.

Stakeholder Engagement

CNH is committed to forming sustainable, mutually beneficial relationships with its stakeholders towards achieving long-term, sustainable value creation and preservation. Every stakeholder is important in different ways and we seek to strike a balance between the Group’s interests, its obligations, corporate responsibilities towards stakeholders as well as stakeholders’ interest overall.

We engage with our stakeholders through various engagement channels deemed appropriate and we embrace open communication with stakeholders with an aim to have adequate understanding of their views and concerns and to communicate effectively with them.

The heads of respective business units and departments ensure effective stakeholders engagements by overseeing the stakeholders’ communication process, considering the Group’s sustainability strategies and ensuring pertinent issues or concerns raised by stakeholders are duly managed and expedited.

The Group’s stakeholders engagements during FY2022, including engagement approaches, are summarized as follows:

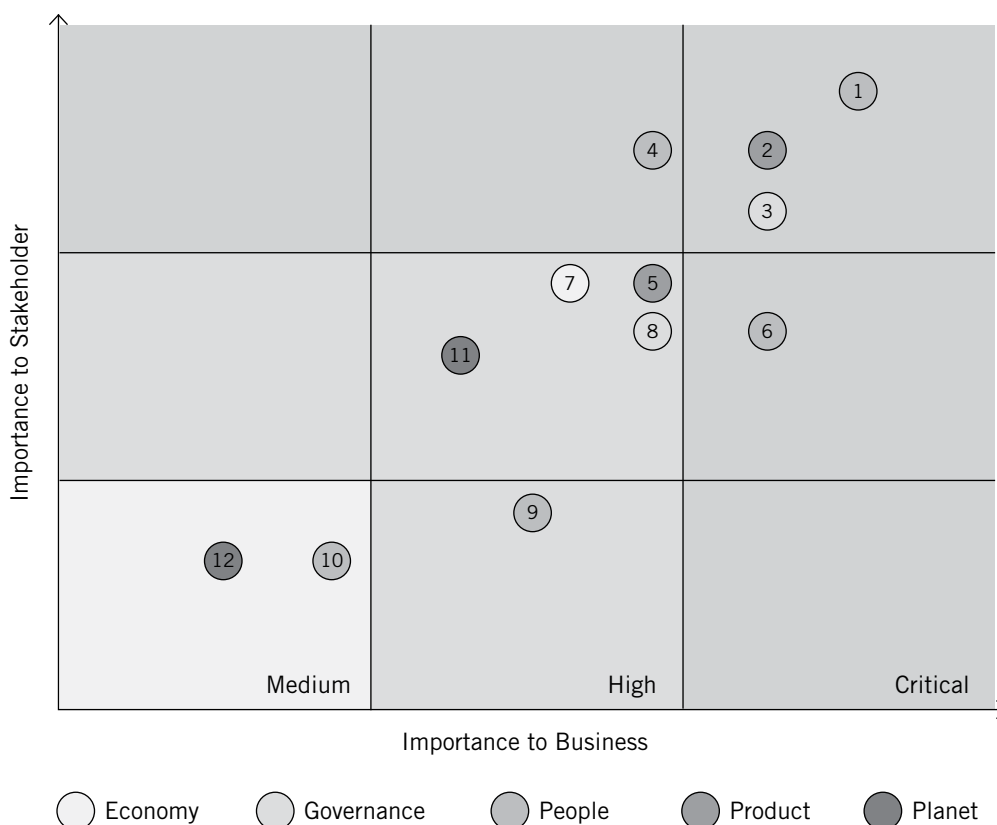
Stakeholder Group	Engagement Approach	Focus Area
CNI Business Owners (“CBOs”)	<ul style="list-style-type: none"> Marketing and promotions Incentive trip campaigns Training and workshops Events and seminars Feedback and survey forms Social media marketing 	<ul style="list-style-type: none"> Enhancement of distribution platform Market demand for CNI products Product quality and pricing Product development and innovation CBO entrepreneurship
Employees	<ul style="list-style-type: none"> Town hall gathering Engagement events (in-house talks, training, development programmes and social events) Performance appraisal 	<ul style="list-style-type: none"> Career development and goals Work-life balance Employee benefits Employee health and safety

Stakeholder Group	Engagement Approach	Focus Area
Vendor & Suppliers	<ul style="list-style-type: none"> • Audits and evaluations • Meetings and trade fairs • Factory visits • Negotiation 	<ul style="list-style-type: none"> • Food safety • Product quality and branding • Customer service and complaints resolution • Pricing and promotion
Certification & Regulatory Bodies	<ul style="list-style-type: none"> • Meetings and consultations • Training programmes and dialogues • Audits and verification 	<ul style="list-style-type: none"> • Regulatory compliance • Standards and certifications • Approval and permits
Shareholders & Investors	<ul style="list-style-type: none"> • Annual Report • Annual General Meeting • Financial report • Media releases • Investor relations page on our website 	<ul style="list-style-type: none"> • Business goals and performance • Regulatory compliance • Ethical business conduct • Internal control and risk management
Local Communities	<ul style="list-style-type: none"> • Sales, marketing and promotions • Corporate Social Responsibility activities • Social media • Direct selling industry engagement 	<ul style="list-style-type: none"> • Community investment, development and impact

Material Sustainability Matters

The Corporate Management carried out its materiality assessment review to assess and prioritize the Group’s sustainability matters and to identify any emerging sustainability risks or issues. In its assessment, the Corporate Management considered the outcome arising from stakeholders engagements as well as the input of personnel who have good rapport with stakeholders.

We performed a materiality assessment for FY2022 and the materiality matrix is presented as follows:



SUSTAINABILITY STATEMENT

This section of the statement discusses our 12 material sustainability matters, with reference to CNH's key sustainability focus areas and relevant stakeholders.

Key Sustainability Focus Area	Material Sustainability Matters	Materiality Ranking	Description	Relevant Stakeholder Groups
Economy	Supply Chain Management	7	We aim to build long-term, mutually beneficial relationships with all third parties along our value chain. A good supply chain management supports operational efficiency, costs, optimization, risk management and also strengthens our commercial positioning.	<ul style="list-style-type: none"> • Vendors & Suppliers
Governance	Ethics and Integrity	3	Ethics and integrity have been identified as part of the key areas that sustain our long term business and goals. Building trust can only be achieved through an ethical approach and we place significant emphasis on adopting the right behaviours in conducting our business.	<ul style="list-style-type: none"> • Certification & Regulatory Bodies • Shareholders & Investors • Employees • Vendors & Suppliers • CBO
	Data Privacy & Security	8	Data Privacy and Security are increasingly important to maintain the relevance of the Group's businesses and safeguard the interests of stakeholders.	<ul style="list-style-type: none"> • CBO • Certification & Regulatory Bodies
People	Direct Selling Entrepreneurship	1	We continuously invest in our Direct Selling business and CBOs, which are part of our main economic contributions, to create job opportunities and a platform for entrepreneurship excellence.	<ul style="list-style-type: none"> • CBO
	Employees Wellbeing and diversity	4	We nurture employees by providing fair remuneration and comprehensive benefit packages to assure job security for employees. We also embrace diversity and inclusivity and do not discriminate in our employment practices.	<ul style="list-style-type: none"> • Employees
	Talent Management	6	Our employment focuses on attracting and retaining the right talents to support the Group's long-term human capital sustainability.	<ul style="list-style-type: none"> • Employees • Shareholders & Investors
	Health and Safety	9	We operate in accordance with the principles of occupational health and workplace safety to ensure a suitable and sustainable workplace environment.	<ul style="list-style-type: none"> • Employees • Certification & Regulatory Bodies
	Community Engagement	10	We focus on supporting and promoting the development of communities as a way to fulfill social responsibilities and create engagement with the community and wider society to achieve sustainable advancement.	<ul style="list-style-type: none"> • Local Communities

Key Sustainability Focus Area	Material Sustainability Matters	Materiality Ranking	Description	Relevant Stakeholder Groups
Product	Reputable Brands and Products	2	We take pride in our good branding and marketing strategies. We strengthen our corporate brand image by focusing on creative ideas that will build brand awareness while meeting customers' needs. We strive to contribute to a healthier community with innovative and safe products which our customers can trust and rely on. Our products are certified and are regularly audited by external experts and regulatory authorities. Furthermore, we consistently stay proactive to ensure that our manufacturing processes are undertaken in a safe and efficient manner.	<ul style="list-style-type: none"> • Shareholders & Investors • CBO • Customers • Certification & Regulatory Bodies
	Customer Responsibility	5	We aim to produce our products with sustainable raw ingredients and environmental-friendly packaging to reduce the negative impact towards our customers and the environment. We also ensure our products are advertised and marketed responsibly as the health and safety of our consumer are our main focus.	<ul style="list-style-type: none"> • Certification & Regulatory Bodies • CBO • Customers
Planet	Energy and Emission Management	11	We strive to use resources and energy in an efficient and environmental-friendly manner to help alleviate global climate change. We strive to manage GHG emission through emission reduction initiatives and pursuing emission-efficient operations.	<ul style="list-style-type: none"> • Certification & Regulatory Bodies • Employees
	Resource and Waste Management	12	We aim to reduce waste across the Group while also stepping up efforts to reuse and recycle.	<ul style="list-style-type: none"> • Certification & Regulatory Bodies • Employees • Vendors & Suppliers

ECONOMY

Supply Chain Management

Our ability to offer a wide range of products across our business segments depends on our robust and reliable supply chain which consists of more than 245 suppliers for goods and services. We choose our business partners carefully by considering how they do business, the quality of the products and services they offer and the social and environmental impacts of their operations such as raw material sourcing, manufacturing process, and management of hazardous waste or by products.

Our supply chain management is governed by supplier due diligence and periodic performance assessment which considers multi-faceted considerations including product and service quality, supplier capability and reliability, business ethics, and environmental and social impacts and relevant management, where appropriate. Physical inspections, site visits, or inspection of certification documents will also be conducted as necessary.

SUSTAINABILITY STATEMENT

To procure sustainably is to engage local suppliers to create economic opportunity for local businesses and to reduce the carbon footprints of transporting goods from overseas. In support of local businesses, we procure 83% of our materials and products from local suppliers.

We ensure sustainable procurement by adhering to our purchasing control procedures. All our suppliers are required to conform to the procedures and be consistent in delivering quality, competitive costing, responsiveness and supply reliability. In addition, proper procedures and controls must be followed across all relevant operations.

Our suppliers are required to sign a letter of acknowledgement that they have received and reviewed the Code of Business Ethics and Anti-Bribery & Anti-Corruption Policy of the Group. Upon their acknowledgement, our suppliers should maintain a code of conduct and/or policies which prohibit commercial bribery and bribery of government officials, consistent with CNH's expectations as described in the said letter of acknowledgement.

We offer higher quality products sourced from ethical suppliers, both locally and internationally with HALAL compliance standards to ensure that our end products respect the religious obligation of our Muslim consumers and are generally safe for all.

GOVERNANCE

Ethics and Integrity

Business ethics and integrity is key to building a long-term sustainable business as well as trustworthy and reliable relationships with our stakeholders. At CNH, the Board who represents the highest governance level of the Group sets out the ethical standards which shall be demonstrated across all our people and operations.

Our Code of Business Ethics ("CBE") is applicable to all our businesses and our directors and employees. The CBE governs various areas of ethical business conduct and practices, including anti-bribery and anti-corruption, avoiding and managing conflict of interest situations, abuse of power, insider trading, anti-money laundering, and others.

All employees were briefed on the CBE and they are required to provide written acknowledgement of their understanding and commitment to adhere to the CBE. Employees are also required to declare any arising conflict of interest situations they have with the Group or the Group's key stakeholders. The CBE is made available to all employees and can be accessed from our Company's website at www.citranusaholdings.com.

We have a Distributor Rules and Regulations applicable for all CBOs to ensure the direct selling business is carried out with a consistent ethical standard, including compliance with relevant laws and regulations, anti-bribery and anti-corruption, responsible marketing and advertising and customer return and exchange policy, among others.

Our CBOs also commit to fully adhere to the Code of Conduct of Direct Selling Association of Malaysia ("DSAM") which stipulates the standards and conducts for direct selling activities in Malaysia.

The Distributor Rules and Regulations and DSAM Code of Conduct are provided to all CBOs, and we also periodically communicate relevant ethical business practices and updates to our CBOs from time to time, such as when we communicate our marketing plans and strategies, in newsletter materials, online meeting slides, marketing and tutorial videos, training sessions and others. The Distributor Rules and Regulations is available in three languages namely English, Bahasa Malaysia and Chinese, to cater for the diversified cultural background of our CBOs and it is accessible on our Member Portal.

Anti-Bribery and Anti-Corruption

The Board sets out a clear, zero-tolerance approach towards bribery through our Anti-Bribery and Anti-Corruption Policy ("ABC Policy"). The ABC Policy is applicable to all the Group's business operations, employees, CBOs, suppliers and business associates. The ABC Policy set out our expectations on the prohibition of the use of bribes and facilitation payment, as well as guidance on the use of high-risk transactions such as gifts, entertainment, donations, sponsorships and the likes.

The ABC Policy is available on our Company's website at www.citranusaholdings.com.

During FY2022, there were no cases reported with regard to non-compliance of the ABC Policy. There were also no fines, penalties, or settlements reported in relation to corruption.

Whistle-Blowing

We have a whistle-blowing mechanism through our Whistle-Blowing Policy, which is publicly accessible on our Company's website at www.citranusaholdings.com. The whistle-blowing mechanism enables genuine concerns regarding serious misconduct, illegal acts, human rights violations, or unethical business conduct as well as serious non-compliance with the Group's policies and code including workplace discrimination, bullying or harassment, to be reported via a secure and confidential channel and to be handled via a structured and confidential process.

During FY2022, there were no whistle-blowing cases reported and there were no significant issues noted pertaining to bribery and corruption, unethical business practices or human rights or labour standards violations.

Data Privacy and Security

Digital and online integration is almost inevitable for business nowadays. CNH's businesses are also seeing increasing reliance on IT and online infrastructure. Remaining cyber-resilient and building stakeholders' trust in data security and privacy are among the Group's strategic imperatives.

In this regard, we have policies and processes to govern the security of IT infrastructure supporting business operations. These include our IT Security Access Policy for controlling and restricting user access on core systems, which is complemented by the Group's Employee Handbook governing employees' proper use of IT assets, systems and data.

All our payment platform service providers are compliant with the Payment Card Industry Data Security Standards ("PCIDSS") which meet regulatory security expectations. Further, our Marketing & Trading segment also performs monthly testing on the integrity of the system to maintain high security standards to safeguard our CBOs and customers.

The Group endeavours to maintain high standards and implement strict procedures in the handling and protection of data of our employees, CBOs, customers, suppliers and business associates.

Our Data Privacy Policy and the corresponding standards and procedures define our principles for collecting, processing and storing personal data in line with the Personal Data Protection Act 2010. We obtained consent from our employees, CBOs, customers, suppliers and business associates when we collect their personal data and inform them on how we would process their personal data.

The Group reviews the regulatory best practices to manage vigorous data privacy control and evaluate the effectiveness of these measures on a regular basis. Our Privacy notice is publicly available on our website at www.CNI.my.

PEOPLE

Direct Selling Entrepreneurship

Direct Selling is the key principle business of the Group. Throughout the past 3 decades, our direct selling business has built a strong network of entrepreneurs who have fulfilled their dreams. Our direct selling provides a platform for people from diverse cultures and backgrounds to build, develop and manage their own businesses, while enjoying the opportunity, freedom and flexibility to work towards their personal goals. Our CBOs come from all walks of life including housewives, youngsters, as well as full-time businesspersons.

Through our direct selling business, we bring empowerment to people, supporting diversity by providing a fair and flexible platform for CBOs from different cultural and economic backgrounds, age groups, and gender. As at 31 December 2022, approximately 45,000 CBOs are running and managing their own business in our network.

In support of our direct selling business and CBOs, we continuously invest in human and intellectual capitals through business and people development programmes, such as developing business leadership skills, marketing skills, management skills and others.

In FY2022, we carried out various programmes and sessions including 108 Zoom training and 61 knowledge sharing sessions, focusing on amongst others, product talk, marketing plan, business talk, motivational talk, product users testimonies and company program briefing. We also held marketing and promotion campaigns and incentive programmes to reward high-performance CBOs through monthly sales bonuses, incentive trips, premium invitations as guest speakers, rank progression and other member privileges. During the financial year, we had 40 New Agency Managers, including New Executive Agency Managers, namely 1 Ruby, 1 Pearl and 1 Crown Diamond Agency Manager ("CDAM") as well as 376 TP Winners' Trip achievers. Recognitions were conferred during major events such as the Sinar Gemilang CNI (SGC) which was held in December 2022.

SUSTAINABILITY STATEMENT

We keep our CBOs engaged and updated on the latest news and products of our business including knowledge-sharing videos and product introduction postings via Facebook, YouTube, Instagram, WhatsApp, Telegram and Tik-Tok.

Employees' Wellbeing and Diversity

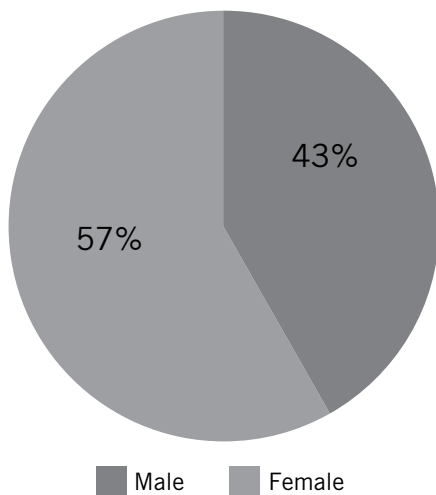
As at 31 December 2022, we have 298 employees driving the Group towards success with their various skill sets such as leadership skills, experience across various fields, people skills, management skills and others.

The Group is committed to providing a safe and conducive working environment which enables personal and professional development among employees. All employees are protected by the Group's HR culture and ethical standards and any reports of violation can be made via our internal grievance reporting channels or whistle-blowing channel.

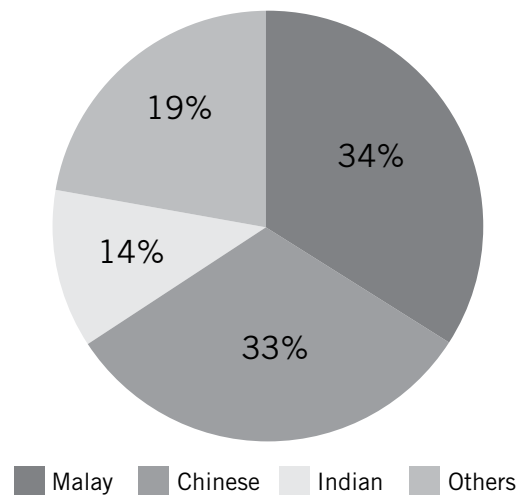
We embrace diversity and provide equal opportunities to individuals based on their merits, competency, experience and qualities relevant to their roles and responsibilities without discrimination, whether against race, religion, gender, age, disabilities or nationality. Our equal opportunity HR policy is demonstrated across all our employment practices from recruitment, training and development, performance appraisals to promotions.

The demographics of our workforce by gender, ethnicity and age groups are illustrated in the following diagrams.

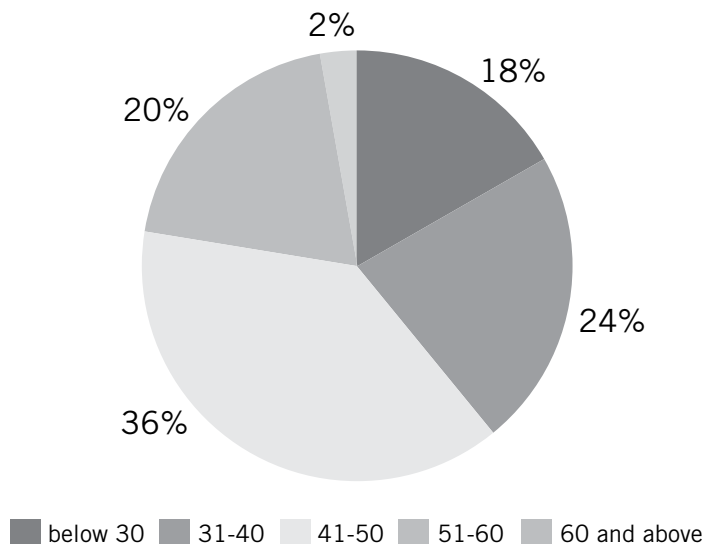
Employee by Gender



Employee by Ethnicity



Employee by Age Group



We carry out ongoing engagement with employees with an objective to create a harmonious working relationship between the business and employees. Our regular employee engagement channels include morning gathering, performance appraisals, talks, outings and more. We adopt an open communication culture with employees as we appreciate employees' comments and feedback through which we may be able to improve our business as well as relationship with employees.

We are committed to comply with applicable laws and regulations governing employee benefits such as social security protection (i.e. SOCSO contribution), retirement saving scheme (i.e. EPF contribution) and employment insurance (i.e. EIS contribution), we also offer other entitlements and benefits with an aim to support the work-life balance and living quality of our employees.

CNH's employees wellbeing programme includes health care insurance and insurance coverage for accidents and hospitalization, helping employees to have access to medical and healthcare services covering non-occupational related health matters as well.

Talent Management

Training and development are part of the key focuses of our people-building strategy. In addition to enhancing the Group's intellectual capital, training and development programmes also help to develop a leadership succession pipeline. We are committed to providing ongoing learning and growth opportunities to our employees equally and fairly.

We conduct performance and career development reviews for all employees at least once a year to evaluate employees' performance, identify their training needs and to identify talents as part of the Group's succession planning. These reviews form our basis to reward employees in accordance with their contribution as well as to encourage personal and professional development. These also serve as an important platform for a dialogue to understand our employees' needs and enhance opportunities for the Group in our operations, including people management approach.

We acknowledge and appreciate the efforts and performance through formal recognition including 57 Long Service Awards which we awarded during FY2022.

In FY2022, we were able to carry out more training activities due to greater adaptation to online training and more physical or hybrid training sessions made possible by the easing of COVID-19 regulations by the Government. Our training provided to employees clocked up to 4,500 training hours across the Group. That is approximately 15 hours of training per employee.

Health and Safety

We aim to create a health, injury and accident-free workplace to ensure there is a safe and conducive working environment for all people at our premises including employees, customers, contractors as well as visitors.

Our Occupational Safety and Health ("OSH") Management System was introduced in 2007. It was established based on the BS OHSAS 18001:2007 and upgraded to ISO 45001:2018 in 2022. It aims to fulfill the requirements of all OSH laws and regulations. It can contribute to the protection of employees and stakeholders from hazards through the elimination of work-related injuries, disabilities, ill health, diseases and fatalities.

OSH visits are carried out and training is provided in the form of information and instruction that equip all workers with the skills and knowledge to perform their work in a manner that is safe and uncompromising to health risk. This has contributed to zero occupational fatalities throughout FY2022. There was no major accident reported in 2022.

During FY2022, we continued to provide training and raise awareness amongst our employees on personal health especially on COVID-19-related updates, providing them with sufficient understanding of the development of the COVID-19 pandemic as well as appropriate preventive measures. This is done through training, briefings and reminders via emails and communication platforms such as WhatsApp.

Community Engagement

The Group's corporate social responsibility ("CSR") activities are spearheaded by the Yayasan CNI which was set up in 1998 with the aim to reach out to communities in need and contribute to the promotion of healthcare, educational and cultural causes. Overall, the Group's contribution to the community amounted to more than RM90,000 in FY2022.

We support charities and good causes through donations, gifts in kind and CSR-related programs in areas such as arts, education, environment, health, welfare and sports. The Group's donations and sponsorship policy sets out rules to ensure that the sponsorship or donation activities are aligned with our business objectives and reflective of our commitment to corporate responsibility in a positive, valuable and long-term impact.

We are convinced that CSR must be done in good faith despite all the efforts, in order to create shared value between the business and society while building continuous engagement with the community.

SUSTAINABILITY STATEMENT

<p>Children Education Incentive</p> <p>The objective of the Children Education Incentive, which was first launched in 2004, is to encourage academic performance amongst the children of our CBOs and employees and, at the same time, recognize the hard work of dedicated and committed parents. The Education Incentive 2022 was granted to a total of 61 CBOs and employees' children. The incentive totaled more than RM6,000.</p>
<p>Young Entrepreneurs Apprentice Program (YEAP)</p> <p>Yayasan CNI launched the YEAP in collaboration with local public and private higher learning institutions as an initiative to give early industry exposure to undergraduates and in support of reducing unemployment among graduates. In 2022, we received 30 students under YEAP.</p>
<p>Sponsorship to Community Care Enrichment Program (CCEP)</p> <p>We sponsored a total of RM9,800 in cash and kind for a charity dinner (singing competition) participated by the physically challenged on 17 December 2022.</p>
<p>Sejati (Great Heart Charity)</p> <p>Yayasan CNI, in collaboration with Persatuan Kasih Sejati (Great Heart Charity Association) distributed Simanis Juices to orphanages, old folks homes and the needy for a joyous year end festive celebration.</p>
<p>Disaster Relief Program for Keluarga CNI</p> <p>Yayasan CNI distributed disaster relief to the CBOs and employees affected by the flood in Klang Valley in mid-December 2021 and in the East Coast in March 2022 following the heaviest rainfall experienced in the last 100 years.</p>

PRODUCT

Reputable Brands and Products

We continued to uphold our reputation and portfolio of brands which are synonymous with our values and beliefs as a responsible corporate citizen. We are committed to delivering the best quality products as a reliable and trustworthy business partner with integrity.

Our branding activities and events are commonly conducted in conjunction with health-related informative sessions, to complement our vision and mission towards a better life for our stakeholders.

We engage with industry peers and leaders through associations to keep ourselves abreast of the latest industry development and better practices and to participate in industry-wide efforts towards building a sustainable business. Our direct selling business is a member of the DSAM whose roles include setting the industry standards and promoting an ethical marketplace for direct selling.

At the Group, we continued to introduce innovative products in our portfolio to offer more options to suit our customers' healthcare needs. We keep ourselves updated on the latest development in the industry and relevant knowledge, trends and technology to maintain competitiveness and relevance in the market. This includes providing training to our employees on topics such as personal healthcare (including healthcare and skincare) and food technology. Our product team conducts market research and analysis to identify products required by the market, in line with our business strategy and to gain first-hand feedback and comments from our consumers.

With our network of experienced CBOs who understands the local markets, we have the advantage of being able to reliably gauge market response through our product evaluation before introducing new products into the market. The evaluation process considers multiple perspectives including physical and sensory factors and the level of nutrients for F&B products with an aim towards delivering more than 90% customer satisfaction.

We ensure all our products are safe and compliant with relevant regulations. In Malaysia, health supplements are generally required to be registered and comply with the National Pharmaceutical Regulatory Agency ("NPRA"); food and beverage products shall be tested by professional testing bodies recognized by the Ministry of Health on quality and safety compliance before they can be sold; and we take pride that all food, wellness, skincare, cosmetic and personal care products marketed by CNH are governed and approved by the Ministry of Health.

The products we sell are manufactured in our own facilities or third parties and they are subjected to robust product quality and safety control processes governing market readiness, procurement, manufacturing, packaging, logistics and distribution.

Our process requires all batches of food, supplement, skincare and cosmetic products we receive from suppliers to be accomplished by a Certification of Analysis (“COA”) which serves as an assurance for the regulated and agreed-upon specification. In addition, we also undertake vigorous testing in our manufacturing process to detect any presence of contaminants and/or evaluate product efficacy.

Furthermore our Marketing & Trading and Manufacturing segments have a dedicated in-house quality control team to perform quality checks on every product batch before distribution. At our manufacturing sites, we only use quality ingredients for our manufacturing process. In this regard, we employ a stringent process for selecting suppliers based on raw material and end product quality and the manufacturing process. In addition, we also perform due diligence, periodic reviews as well as audits to gain an enhanced understanding of our suppliers. Our manufacturing sites are certified GMP standard and adhere to a high level of quality control, hygiene and best practices.

Product and Manufacturing Certifications

Product and manufacturing certifications serve as additional assurance for our business, our partners and customers.

Our manufacturing segment adheres to product quality and safety regulations such as Good Manufacturing Practice (GMP), Quality Management Systems (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001: 2018), Food Safety Management System (ISO 22000:2018), Food Safety System Certification (FSSC 22000 Version 5.1), Hazard Analysis and Critical Control Point (MS1480:2019) & Good Manufacturing Practice (GMP) for Food (MS1514:2022) certifications.

Our products are certified Halal and comply with the guidelines stipulated by the Department of Islamic Development Malaysia (JAKIM) and the State Department of Religious Affairs (JAIN)/ Islamic Religious Affairs Councils (MAIS).

Our Testing Laboratory is a SAMM accredited laboratory by Standard Malaysia and fulfills the requirement of MS ISO/IEC 17025 – General Requirements for the Competence of Testing and Calibration Laboratories.

Customer Responsibility

We are committed to upholding the principles of a responsible market and will comply with all relevant responsible marketing and advertising regulations. All our MAL products shall be registered under NPRA and advertisements shall be made in accordance with KKKLIU’s approval and take into consideration the principle of responsible advertising and marketing.

It is especially important that we govern responsible and ethical marketing in our direct selling business which is represented by our numerous CBOs. Committing to adhering to the Code of Conduct of DSAM, all our CBOs are required to conduct fair and ethical direct sales practices. Our CBO’s Business Handbook also reflects similar requirements which require all CBOs to advertise truthfully and accurately for all promotional activities including electronic formats. Our personnel also conduct checks on CBO’s marketing practices and collateral and will take necessary actions against non-compliance.

We regularly train and raise awareness among employees on applicable advertising and marketing regulations, our stance on responsible marketing and acceptable and non-acceptable marketing practice.

Guided by relevant product labeling regulations, all our products are labeled properly, communicating product information accurately and truthfully. For food products, we will perform product labeling checks through the MOH to obtain its clearance, ensuring our product label practices are compliant with applicable regulations.

Serving a market with a diverse demographic, most of our products are labeled in at least two languages to communicate effectively with our customers. Amongst others, the product labels may include product information such as ingredients used, any potential allergens or health risks for consumers, additives used, suggested consumption / application methods, manufacturing date and expiry date. We aim to provide relevant and adequate information enabling consumers to make informed decisions about their consumption or purchase through our product labeling practices.

PLANET

We acknowledge our corporate responsibility towards protecting the environment and strive to reduce the environmental impacts of our products and operations and conserve natural resources through:

- i) Pursuing efficient use of resources including energy, water and raw materials
- ii) Reducing waste discharge to landfills and unnecessary wastage of materials
- iii) Avoiding pollution
- iv) Promoting the use of eco-friendly materials

SUSTAINABILITY STATEMENT

Energy and Emission Management

In supporting global efforts towards managing climate change, we believe business should adapt to new ways of doing business and shift towards a lower-emission operating model. We collect data and manage our energy consumption, which is considered one of our more significant sources of emission which we may be able to control or manage by reducing the use of energy and achieving greater energy efficiency.

The Group's energy use is mainly derived from electricity usage in its offices and factories, also representing a key source of carbon emission. Our operations are largely based in Malaysia and electricity used is mainly purchased from Tenaga Nasional Berhad. Generally, electricity in Malaysia is derived from a mix of non-renewable and renewable sources including natural gas, coal and hydro-powered dams.

The electricity usage of the Group's headquarters is monitored to measure the efficiency of use. In FY2022, we have recorded a slightly higher electricity usage across our building at 11.51kWh per square foot which is higher than FY2021. The increase is due to our employees gradually coming back to resume work in the office after the MCOs in 2021.

We started to carry out our LED lighting system upgrading initiatives in 2014, replacing incandescent and fluorescent lamps to achieve greater energy efficiency and cost-efficiency as well as achieving a longer life span for light fittings. As at 31 December 2022, 80% of the lighting has been converted to LED lighting system.

Resource and Waste Management

Aligned with our efforts to achieve efficient use of materials and reduce the generation of waste, we practice 4R (Reduce, Reuse, Recycle, Replace) in our operations, where possible. We undertake continuous improvement in our waste management and resource management through identifying significant waste and materials exploring methods to recycle or reduce waste. Our efforts aim to achieve better environmental protection and preservation beyond mere compliance with laws and regulations.

Since years ago, we have embarked on a journey to reduce paper use in our processes such as for CBO registrations and member statements. The migration to a digitalised system for our membership management process has helped us to significantly reduce paper use during the registration process, at the same time allowing us to better manage our business through statistics and better analytics. We have since 2020 migrated to electronic membership cards and member's statements. All of our new CBOs in FY2022 are on the e-membership platform. We have an e-bonus payout (online) system instead of cheque payment since June 2022.

Since 2019, we have gradually transformed our newsletter digitally to save on printing material and posting costs. The progressive digitalization of our direct selling operations and communications has also helped to reduce a lot of paperwork, in addition to enhancing operational efficiency.

We also make use of digital platforms to facilitate our increasing efforts to engage with stakeholders. Several processes for the direct selling business have also been digitalized and are conducted via online systems for instance the CNI Business Center Apps through which the CBOs can access their business information and track their network progress in real time.

Digitalisation and paper-reduction efforts also continued to be carried out in the Company's headquarters, using digital meeting papers and board papers.

In support of the global initiative towards reducing plastic waste, our distribution centers and branches no longer provide single-use plastic bags.

The proper handling of effluents and waste is crucial for environmental stewardship. Without solid waste and effluent management in place, we run the risk of damaging the ecosystem and severely harming those that depend on nature for survival. Additionally, by reducing waste, limiting the consumption of natural resources and repurposing our waste, we look forward to minimizing our impact on the environment.

Our manufacturing segment takes proactive actions in managing our waste to avoid polluting the environment. This is especially needed for scheduled waste like spent oils and lubricants, fuel filters and chemicals and pesticide containers. The total scheduled waste of 11.1MT generated for 2022 (2021: 12.8 MT) was treated in accordance with the Department of Environment's requirements.

In 2022, wastes such as paper, plastic bags and metal disposed of or sold to third parties for recycling had increased to 29,423 kg (2021: 23,291 kg). The carton boxes that we used to pack all the assorted products ordered by customers before sealing and delivering to the customers are also reused for a couple of cycles as long as it is in good condition.

There were no fines or penalties for non-compliance with waste management laws or regulations recorded for the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Citra Nusa Holdings Berhad (“CNH” or “the Company”) present this statement to provide shareholders and investors with an overview of the corporate governance (“CG”) practices of the Company during the financial year 2022. This overview takes guidance from the three (3) key CG principles and the practices as set out in the Malaysian Code of Corporate Governance (“MCCG”) which are:

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

This statement is prepared in compliance with Bursa Malaysia Securities Main Market Listing Requirements (“MMLR”) and it is to be read together with the CG Report 2022 of the Company (“CG Report”) which is available on the Company’s website. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2022.

In building a sustainable business and discharging its regulatory role, the Board is mindful of its accountability to the shareholders and various stakeholders of CNH. Towards this, the Board is committed to ensuring that it provides effective leadership and promotes uncompromising ethical standards in the organisation. One of the ways in which the Board achieves this is by requiring that good governance principles and practices are adhered to throughout the Company.

To ensure the Company to adopt the best CG practices, regular reviews of the internal practices are conducted with reference to the MCCG and other relevant guidelines issued by the regulators as well as the international standards on CG and Sustainability. In its review, the Board was always mindful of the need to embrace the best practices in form as well as in substance, to further strengthen the CG culture in the Company.

As at 31 December 2022, CNH complied in all material aspects with the principles as set out in the MCCG except:

- Practice 1.4: The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 4.5 Step Up: The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.
- Practice 5.2: At least half of the board comprises independent directors.
- Practice 5.4 Step Up: The board has a policy which limits the tenure of its independent directors to nine years without further extension.
- Practice 5.9: The board comprised at least 30% women directors.
- Practice 5.10: The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.
- Practice 9.4 Step Up: The Audit Committee should comprise solely of Independent Directors.

A summary of the CG practices of CNH as well as the Board’s key focus areas and future priorities in relation to the CG practices are described below under each CG principle.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

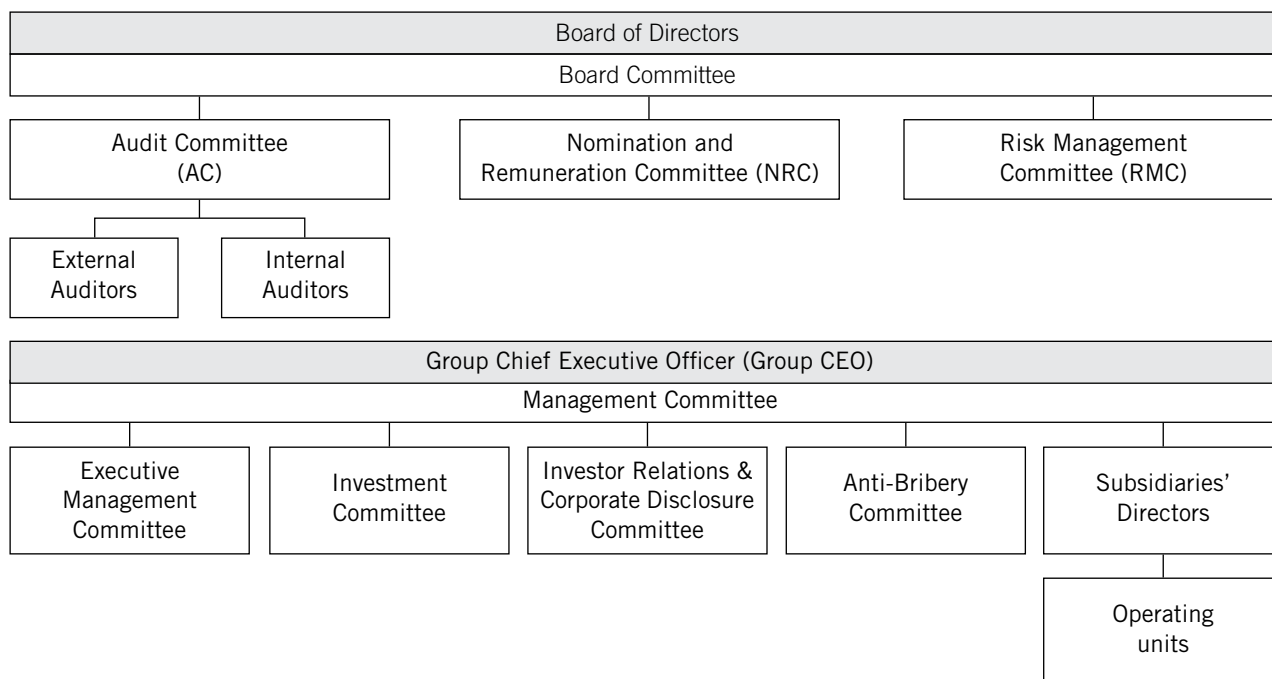
The Board is mindful of its responsibilities to the Company’s shareholders and various stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Company’s businesses, in pursuing the objectives and goals of CNH.

For the foregoing, the Board determines the strategic objectives and policies of the Group for delivery of such long-term value. It ensures effective leadership through oversight on management and monitoring of the activities, performance, conformance capabilities and control in the organisation. In setting the strategic direction, the Board also ensures that there is an appropriate balance between promoting long-term growth and delivering short-term objectives.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has in place a model for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Group Chief Executive Officer (“Group CEO”).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The model for CNH Group is as depicted below:



In 2022, the members of the Committees of the Board had discharged their roles and responsibilities in accordance with the Terms of Reference (“TOR”) of the respective Committees. The attendances of the Directors and Board Committee members at the meetings of the Company during the year are set out in the table below:

Name	Board of Directors*	AC**	NRC	RMC
Executive Directors				
Koh How Loon	5/5			4/4
Chew Boon Swee	5/5			
Non-Independent Non-Executive Directors				
Dato' Koh Peng Chor	5/5	7/7	2/2	
Yee Kee Bing ⁽¹⁾	2/5			
Independent Non-Executive Directors				
Lim Lean Eng	5/5	7/7	2/2	4/4
Dr. Ch'ng Huck Khoon ⁽²⁾	2/5	2/7	2/2	1/4
Carolyn Anne Kam Foong Kheng ⁽³⁾	3/5	5/7	0/0	3/4

Chairman
 Member

Notes:

- (1) Retired as Non-INED of CNH at the 33rd AGM on 25 May 2022
- (2) Retired as INED of CNH at the 33rd AGM on 25 May 2022 and accordingly, ceased to be NRC and RMC Chairman respectively and AC member on the same date
- (3) Appointed as INED of CNH w.e.f. 25 May 2022, and appointed as NRC and RMC Chairman respectively and AC member w.e.f. 25 May 2022

* There was 4 scheduled and 1 special Board meetings in 2022.

** 2 private meetings were held between the AC and the external auditors, PCCO PLT on 25 February 2022 and Grant Thornton Malaysia PLT on 2 September 2022.

In 2022, the model and TOR of the Board Committees were reviewed to reflect the changes in the roles and responsibilities of the Board Committees arising from the introduction of new internal processes in line with best practices or new applicable requirements.

Board Leadership

In fostering a strong CG culture in the organisation, the Board has strived for the highest standard of CG practices in the Company. The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance.

The position of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of CNH ("Board Charter"). The Board Charter is a comprehensive reference document for Directors on matters relating to the Board and its processes. The Board Charter also sets out the roles and responsibilities of the Board and the individual Directors. It can be found at the Company's website at www.citranusaholdings.com.

Board Administration

The Board members have full access to the Company Secretary, who is suitably qualified, experienced and competent. The Company Secretary ensures the Directors are provided with sufficient information and time to prepare for Board meetings. To this, the meeting materials are made accessible to the Directors within reasonable periods prior to the meeting. The Company Secretary also prepares minutes of meetings in a timely manner and provides advisory services to the Board on corporate administration and governance matters including compliance with the relevant laws, rules and regulations.

Promoting Good Business Conduct

CNH takes a stance against the use of corrupt practices in relation to its activities and promotes a culture of integrity within the organisation by ensuring there are adequate policies and procedures which are implemented appropriately in line with the principles under the Guidelines for Adequate Procedures pursuant to Section 17A(5) of the MACC Act 2009.

In this respect, the Board has in place the Code of Business Ethics ("CBE") for Directors and employees, to affirm its commitment to practice the highest level of integrity and ethics.

CNH has zero tolerance on any conduct that constitutes a wrongdoing or malpractice which may include any breach of ethics as described in the CBE or conflict of interest and/or any fraudulent act as may be described in the Anti-Bribery and Anti-Corruption ("ABC") Policy and other relevant documents. To this, CNH has in place the Whistleblowing Policy, to facilitate the exposure of any violations or improper conduct or wrongdoing within the Group.

The above CBE, ABC Policy and Whistleblowing Policy for the Group would ensure that good standards of behaviour permeate throughout all levels of the organisation, and strengthen the integrity, governance and anti-corruption framework for CNH. These policies serve as control measures to address and manage the risk of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company. The CBE, ABC Policy and Whistleblowing Policy for the Group are published on the Company's website at www.citranusaholdings.com.

In June 2022, the Board established the Directors' Fit and Proper Policy ("FPP") to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the appointed position in the most effective manner.

Governing Sustainability

The Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of CNH and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.

The TOR of the Risk Management Committee ("RMC") explicitly provides the RMC's responsibilities in overseeing the Group's various risks including sustainability risks. The CEO through Corporate Management is responsible for the strategic management of material sustainability matters of CNH Group.

The Company's sustainability strategies, priorities and targets as well as performance against these targets are developed after a careful review of outcome from the materiality assessment exercise and engagement with key internal and external stakeholders. The comprehensive description of CNH's stakeholder groups, engagement and targets as well as the performance against these targets are as set out in the Sustainability Statement on pages 18 to 28 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Size, Composition and Diversity

The Board believes that a diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retain its competitive advantage. In this respect, the Board through its Nomination and Remuneration Committee (“NRC”) conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company’s objectives and strategic goals.

The Board consisted of 6 members and it was reduced to 5 members upon the retirement of Dr. Ch’ng Huck Khoon as an Independent Non-Executive Director (“INED”) in accordance with the 12-year tenure limit for the INEDs, retirement of Mr. Yee Kee Bing as a Non-Independent Non-Executive Director and appointment of a new INED, Ms. Carolyn Anne Kam Foong Kheng at the 33rd Annual General Meeting of the Company in May 2022. Currently, the Board has 20% women directors. The Board will take necessary efforts to close the gap to achieve 30% women directors on our Board in the near future.

Board Succession Planning and Appointment

The NRC is responsible for the Board succession planning to ensure the Board continues to be effective with the right composition, which would enable it to be better equipped to respond to challenges that may arise and deliver value.

The appointment of Directors to the Board is subject to a formal, rigorous and transparent process. In this process, the NRC reviews the existing Board composition such as the optimum size and diversity in terms of skills, experience, age, ethnicity and gender. Based on this review, the NRC determines the selection criteria for the new appointment with the view to close any gap or to strengthen the Board composition. The NRC then reviews the candidates who are sourced from internal and external/independent sources, and shortlist the potential candidate(s) with reference to the agreed selection criteria. The NRC conducts engagement sessions with the shortlisted candidate(s) as well as the fit and proper assessment, before submitting its final recommendation to the Board.

With the impending retirement of INEDs at the 33rd AGM in accordance with the 12-year tenure limit for the INEDs, one of the key focus areas during the year was executing the Board succession plan. In the process of appointment of new Directors, the NRC had determined the selection criteria for the new INED who must have the skills and experience in financial leadership. The NRC considered the pool of potential candidates guided by these selection criteria and finally, it identified a suitably qualified candidate from an independent source. In May 2022, the Board approved the recommendation of the NRC for the appointment of the new INED, Ms. Carolyn Anne Kam Fooong Kheng and the appointment took effect on 25 May 2022. The induction programme for the new INED was conducted on 24 June 2022.

The Board is continuously sourcing suitable candidates and considering the appointment of new INED in view of the impending retirement of an INED, Mr. Lim Lean Eng in accordance with the 12-year tenure limit for the INEDs in June 2023.

During the year, the NRC also conducted the fit and proper assessment on the Directors who were proposed for re-election at the AGM of the Company, the proposed new INED and the Directors who were identified for re-election had also submitted to the Company their fit and proper declaration in the prescribed forms.

During the year, the NRC also reviewed the composition of the Board Committees having regard to the membership in the Terms of Reference (“TOR”) of each committee. In May 2022, the Board approved the recommendation of the NRC on the proposed composition of the AC, RMC and NRC.

Board Effectiveness

The Board, through the NRC and facilitated by the Company Secretary, had carried out the annual assessment to evaluate the performance of the Board, its Board Committees and each individual Director during the financial year under review. The assessment for the year under review was conducted through a questionnaire which included a combination of open-ended questions and close-ended questions.

In order to encourage open and frank evaluation, the evaluation process was managed by the Company Secretary, who had forwarded the questionnaire to each Director, as well as collated that duly completed forms from each Director. A summary of the results and all feedback received were tabled to the NRC deliberation before appropriate action plans were recommended to the Board for further discussion and approval.

The results of the assessment were properly documented, summarised and reported to the Board. The results of the annual assessment for the year under review revealed that the Board and Board Committees had carried out their duties well and amicably with most of the questions rated positively. The Board agreed that it had performed well in these challenging times and was satisfied with its overall performance, with some areas identified for improvements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NRC concluded that the Board and Board Committees were satisfied with their existing composition and were of the view that with the current mix of skills, knowledge, experience and strength of the Directors, the Board, respective Board Committees and Directors were able to discharge their duties effectively. Hence, the Board will continue to focus on the identified areas for improvement.

Directors' Training

The Board acknowledges that continuous education is essential for its members to gain insight into the state of economy, technological advances, regulatory updates and management strategies.

The following are the training programmes, seminars, workshops and briefings attended by Directors during the financial year 2022:

Name	Conference/Seminar/Workshop
Executive Directors	
Koh How Loon	<ul style="list-style-type: none"> Unlocking Potential Post Epidemic towards Aspiring Direct Selling Management SW IR eSebutan
Chew Boon Swee	<ul style="list-style-type: none"> Unlocking Potential Post Epidemic towards Aspiring Direct Selling Management Food & Hotel Asia (FHA) – Food & Beverage Singapore Expo
Non-Executive Directors	
Dato' Koh Peng Chor	<ul style="list-style-type: none"> How the Audit Committee and Auditors can work together towards reliable audited financial statements Unlocking Potential Post Epidemic towards Aspiring Direct Selling Management
Lim Lean Eng	<ul style="list-style-type: none"> Unlocking Potential Post Epidemic towards Aspiring Direct Selling Management
Carolyn Anne Kam Foong Kheng	<ul style="list-style-type: none"> Mandatory Accreditation Programme (MAP)

Remuneration Policy

The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the CEO and the Senior Management of CNH. The NRC is responsible to formulate and review the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices.

The NRC conducts the Board remuneration review on an annual basis internally, to ascertain the competitiveness of the Board remuneration. The NRC also took into consideration the demands, complexities and performance of the Group particularly, the core activities and responsibilities of the Board as well as having regard to the responsibilities and contribution levels of individual members in terms of statutory duties, fiduciary duties, risk, intensity/complexity of work, time commitment and effort.

The Board approved the NRC's recommendation to seek the shareholders' approval that the Directors' benefits payable to the Non-Executive Directors shall remain the same amount as the previous year at RM80,000 from 26 June 2023 until the next AGM of the Company in accordance with Section 230 of the Companies Act, 2016 and Paragraph 7.24 of the MMLR of Bursa Securities.

The detailed remuneration of the individual Directors during the financial year ended 31 December 2022 are set out in the table below:

	Fees (RM)	Salaries & Bonuses (RM)	Other Emoluments ⁽¹⁾ (RM)	Benefits-in-kind (RM)	Total (RM)
Group					
Executive Directors					
Koh How Loon	-	539,446	71,406	13,325	624,177
Chew Boon Swee	-	359,100	15,007	23,950	398,057

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	Fees (RM)	Salaries & Bonuses (RM)	Other Emoluments ⁽¹⁾ (RM)	Benefits- in-kind (RM)	Total (RM)
Group					
Non-Executive Directors					
Dato' Koh Peng Chor	204,000	-	10,062	14,308	228,370
Lim Lean Eng	48,000	-	7,000	-	55,000
Dr. Ch'ng Huck Khoon ⁽²⁾	20,000	-	3,000	-	23,000
Yee Kee Bing ⁽²⁾	20,000	-	1,000	-	21,000
Carolyn Anne Kam Foong Kheng	28,903	-	4,500	-	33,403
Total	320,903	898,546	111,975	51,583	1,383,007
Company					
Executive Directors					
Koh How Loon	-	128,600	16,884	-	145,484
Non-Executive Directors					
Dato' Koh Peng Chor	204,000	-	10,062	14,308	228,370
Lim Lean Eng	48,000	-	7,000	-	55,000
Dr. Ch'ng Huck Khoon ⁽²⁾	20,000	-	3,000	-	23,000
Yee Kee Bing ⁽²⁾	20,000	-	1,000	-	21,000
Carolyn Anne Kam Foong Kheng	28,903	-	4,500	-	33,403
Total	320,903	128,600	42,446	14,308	506,257

(1) Other Emoluments include meeting allowance, lunch subsidy, insurance coverage, employer's Employees Provident Fund, SOCSO and Employment Insurance System contributions.

(2) Retired as Non-Executive of CNH at the 33rd AGM on 25 May 2022.

The detailed remuneration on a named basis of the key Senior Management is set out in the table below:

Names	Fees (RM)	Salaries & Bonuses (RM)	Other Emoluments ⁽¹⁾ (RM)	Benefits- in-kind (RM)	Total (RM)
Koh How Loon	-	539,446	71,406	13,325	624,177
Chew Boon Swee	-	359,100	15,007	23,950	398,057

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee of the Company ("AC") comprises three (3) members, all of whom are Non-Executive Directors, two (2) being INEDs. None of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the TOR of the AC.

The AC is chaired by an INED who is distinct from the Chairman of the Board. All members of the AC are financially literate, whilst the current Chairman of the AC is a fellow member of the Association of Chartered Certified Accountants ("ACCA"). The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report of this Annual Report 2022.

The AC had assessed the suitability, objectivity and independence of the Company's external auditors, Grant Thornton Malaysia PLT ("GTM") and recommended to the Board for shareholders' approval to be sought for the re-appointment of GTM at the forthcoming AGM in 2023.

Having regard to the outcome of the assessment of GTM, the Board approved the AC's recommendation that shareholders' approval be sought at the forthcoming AGM for the re-appointment of GTM as external auditors of the Company for the financial year ending 31 December 2023.

Risk Management and Internal Control Framework

The Risk Management Committee of the Company ("RMC") comprises three (3) members, two (2) being INEDs and one of whom is the Group CEO. The RMC is chaired by an INED. The RMC is responsible for overseeing the Company's risk management framework and policies.

The AC is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls. The Board is of the view that the system of internal control and risk management in place during 2022, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

In this respect, the details of the Risk Management and Internal Control Framework are set out in the Statement of Internal Control and Risk Management on pages 36 to 39 of this report.

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

Communication with Stakeholders

The Company ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. CNH also actively engages all its stakeholders through various platforms including the announcement via Bursa LINK, disclosures on its website and engagement through the investor relations function. In 2022, a number of events were held during the year to maintain an open communication with the investors, shareholders, regulators, employees and other communities. Details of the stakeholder engagements in 2022 are provided on pages of the Sustainability Statement in this report.

Conduct of General Meeting

The Company had conducted a virtual 33rd AGM which was held on 25 May 2022 at the Diamond Hall of the Wisma CNI (Broadcast Venue) by leveraging technology in accordance with Section 327 of the Companies Act 2016, Article 72 of the Constitution of the Company and the SC's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers. The Group CEO and Executive Director of the Company were physically present at the Broadcast Venue together with the Company Secretary and the Senior Manager, Corporate Finance and Treasury. The other members of senior management were in attendance virtually via video conferencing.

The notice of the 33rd AGM was issued 26 days before the AGM date. At the same time, shareholders were advised to take advantage of the remote participation and voting ("RPV") facilities as a precautionary measure in view of the ongoing COVID-19 pandemic. To further encourage engagement between the Directors and shareholders, shareholders were also invited to ask questions during the meeting in relation to the agenda items for the 33rd AGM.

The shareholders, corporate representatives and proxies attended the 33rd AGM via RPV facilities which were available on the Company's website. The proceedings of the 33rd AGM at the Broadcast Venue included the Group CEO's presentation of the Company's operating and financial performance for 2021 and a Questions & Answers session during which the Chairman invited the shareholders to ask questions during the meeting, pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.

The Scrutineers verified and announced the poll results for each resolution, which include votes in favour and against, upon which the Chairman of the 33rd AGM declared that all the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The Minutes of the 33rd AGM (including all the Questions raised at the meeting and the Answers thereto) were also made available on the Company's website at www.citranusaholdings.com.

This Statement was approved by the Board of Directors on 12 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to the 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Board of Directors (Board) is pleased to provide the Statement of Risk Management and Internal Control for the financial year ended 31 December 2022 which was prepared in accordance with Practice 9.1 and 9.2 of the Malaysia Code of Corporate Governance (MCCG) and the “Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers”.

BOARD'S RESPONSIBILITY

The Board is committed to maintaining a sound system of internal controls and has instituted a risk management framework, as well as, good corporate governance measures to monitor the effectiveness in safeguarding shareholders' investments and the assets.

The system of internal control covers governance, risk management, financial, operational, regulatory and compliance matters. The Board is responsible for determining key strategies and policies for significant risks and control issues, whereas functional management is responsible for the effective implementation of the Board's policies by way of identifying, monitoring and managing risks. However, as any system of internal controls will have its inherent limitations, the system has been designed to manage risks rather than provide absolute assurance against any material misstatement, fraud or loss.

The Board has reviewed and received assurance from the Group CEO and the Senior Manager, Corporate Finance and Treasury that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review.

RISK MANAGEMENT

The Board has established an Enterprise Risk Management (ERM) framework to pursue a disciplined, comprehensive and integrated approach to risk management. By adopting a proactive risk management culture and with the appropriate tools, the Board aims to manage business risks effectively and mitigate its risk exposures.

The Group's ERM framework is based on the internationally recognised COSO (Committee of Sponsoring Organizations). Risk factors are incorporated into the risk register and individually rated as High, Significant, Moderate or Low risk. The rating process is guided by a matrix of “likelihood” and “impact”, of which both financial and non-financial consequences are duly considered. The Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks.

To achieve this, a Risk Management Committee (“RMC”) has been established by the Group. The Board has empowered the Risk Management Committee (RMC) to review and ensure the ERM framework is carried out within the Group. The members of RMC comprises three (3) members, two (2) of which are Independent Non-Executive Directors and one (1) is an Executive Director.

The reporting structure of the risk management of the Group is illustrated as follows:

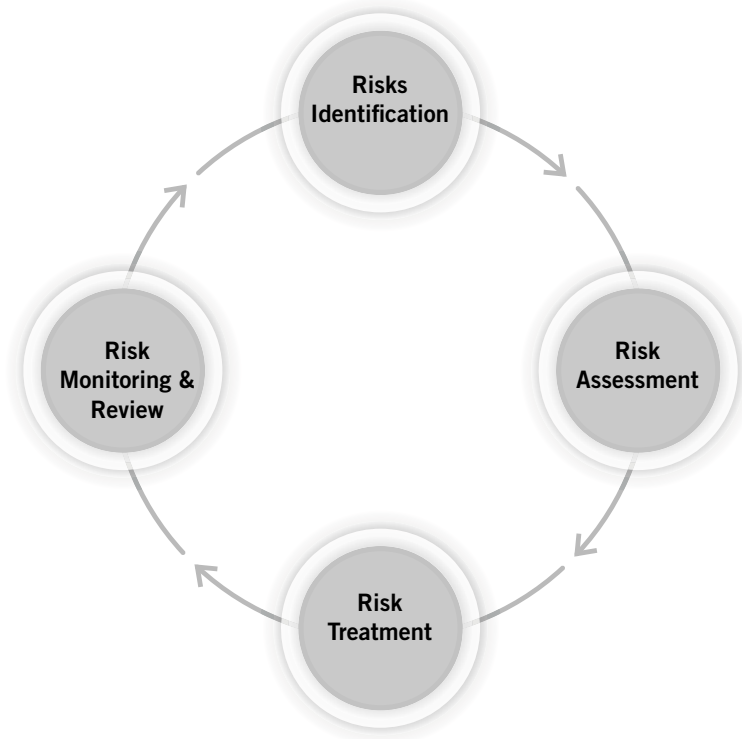


The RMC reports to the Board of Directors of the Company. The RMC performs risk oversight and reviews the risk profile of the group and the inherent risks arising from the business operations.

During the financial year, four RMC meetings were conducted. In the RMC meeting, the RMC invites the head of business units/ risk owners to deliberate on the key and new risks identified and to update on the status and management action plans. The outcomes of the RMC meeting were presented to the Board accordingly.

RISK MANAGEMENT PROCESS

The Group had implemented an on-going risk management process as illustrated below, to manage potential risk exposure which may affect the achievement of the Group’s corporate and business objectives:



1. Risk Identification

The RMC prioritises risk management strategies and coordinates with the risk owners of the respective business units to identify the key business risks towards achieving the business objectives and strategies.

2. Risk Assessment

The assessment of risks within the group is classified into High, Significant, Moderate or Low according to the risk impact and likelihood matrix.

3. Risk Treatment

For each of the risks identified, the risk owner is assigned to ensure appropriate action plans are carried out in a timely manner.

4. Risk Monitoring & Review

Management actions plans and status updates would be discussed and reviewed by the RMC. The outcomes of the RMC meetings were documented and reported to the Board accordingly.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group’s operations as follows:

1. The group has clearly defined lines of responsibilities and authorization for day-to-day operations and accountability. A Delegated Authority Policy has been established and adopted within the Group to promote better control, accountability and corporate governance over operational, strategic and investment decisions.
2. Annual result planning and budget of respective units are submitted to the Board for approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3. The Group's Executive Management Committee conducts periodic meetings with the Head of Divisions/Subsidiaries to review the business performance of the Group. Business objectives and financial performance are reviewed and monitored in the meeting. Explanation is provided for any major variances and action plan is formulated to increase likelihood of achieving the budgeted financial performance. Potential business risks and opportunities were highlighted and discussed in the meetings.
4. The Board oversees the conduct of the Group's operations through various management meetings and reporting mechanisms. Management Meeting and financial reports are prepared by the Management and reported to the Group CEO for review and decision-making purposes.
5. The Board reviews the Group's financial performance against the budget on a quarterly basis with detailed explanation of any major variances.
6. Manufacturing segment of the Group are governed by the Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001: 2018), Food Safety Management System (ISO 22000: 2018), Food Safety System Certification 22000 FSSC 22000 (Version 5.1), Hazard Analysis & Critical Control Point (MS 1480:2019) and Good Manufacturing Practice (GMP) for food (MS 1514:2022) to ensure consistency of the product quality produced.
7. Employees are briefed on Code of Business Ethics during induction. They are required to sign and adhere to the Code of Business Ethics, which sets out the policy stand on the conduct of business and the standards of behaviour / ethical conduct expected of the employees.
8. The Employee's Performance Appraisal System is linked to their OKR (Objectives and Key Results) which are aligned to the company's business goals and financial targets respectively.
9. The Human Resource Management has arranged and facilitated regular internal and external training programmes for its employees in relation to their respective areas of work.
10. The Group has established a Crisis Communication Plan with the objective of handling effectively the flow and dissemination of communication to the external parties such as media, government agencies and the Group's other stakeholders during a crisis.
11. The Board has adopted a whistle-blower policy which provides an avenue for any persons namely employees, directors or external parties to report any improper conduct, including fraud, corruption, bribery or blackmail, criminal offences against any employee or director, in a safe and confidential manner.
12. The Board has adopted the Anti-Bribery & Anti-Corruption Policy in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC). The Policy and guidelines set out the Group's stance on areas relevant to fraud, bribery and corruption; business associates and employees are expected to adhere to the highest levels of integrity and ethics.

Internal Audit

Pursuant to Paragraph 15.27 of MMLR, the Board has established an internal audit function which reports directly to the Audit Committee.

The Internal Audit function undertakes regular reviews of the Group's operations, risk management and the systems of internal control. Regular reviews are carried out on the business processes to examine and evaluate the adequacy and efficiency of financial and operating control during the year. Significant risks and non-compliance impacting the Group are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and management responses were presented to the Audit Committee. Further details of the internal audit department are set out in the Audit Committee Report on page 40 to 42 of this Annual Report.

Associate Company

The Board does not regularly review internal control systems of the associate company as the Board does not have direct control over their operations. Notwithstanding the above, the Group interest is served through representation on the Board of the associate company and review of the management accounts and enquiries thereon. Such representation also provides the Board with information for decision-making on the continuity of the Group's investments based on the performance of the associate company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Conclusion

The Board is of the opinion that that system of internal control and risk management processes are adequate and effective for the financial year under review, and up to the date of approval of this Statement, for identifying, evaluating and managing the significant risks faced by the Group and this process is regularly reviewed by the Board to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's risk management and internal control system.

During the current financial year, there were no major weaknesses of internal control which result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

This Statement was approved by the Board of Directors on 12 April 2023.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee (“AC”) comprises three members, all of whom are Non-Executive Directors (“NEDs”); two being Independent NEDs. All of the Independent NEDs satisfy the test of independence under Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The AC meets the requirements of paragraph 15.09(1)(a) and (b) of the Listing Requirements of Bursa Securities.

The AC Chairman, Mr. Lim Lean Eng is a fellow member of the Association of Chartered Certified Accountants (ACCA). Accordingly, the Company complies with the requirements of paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

The Terms of Reference of the AC was reviewed and updated to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance (“MCCG”).

ATTENDANCE AND MEETINGS

The AC members and their attendance at the AC meetings held during the financial year ended 31 December 2022 are as follows::

Members	Number of Meetings Attended
Lim Lean Eng Chairman, Independent Non-Executive Director	7/7
Dato’ Koh Peng Chor Member, Non-Independent Non-Executive Director	7/7
Carolyn Anne Kam Foong Kheng Member, Independent Non-Executive Director	5/7

The AC held seven (7) meetings in 2022 without the presence of other Directors and employees, except in situations when the AC requested for their attendance. The Group Chief Executive Officer (CEO) was invited to all AC meetings to facilitate direct communication and provide clarification on audit issues and the Group’s operations. The Head of Internal Audit Department (IAD) attended all AC meetings to table the Internal Audit (IA) reports. The relevant responsible Management members of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or on any matters of specific interest.

As part of the AC’s efforts to ensure the reliability of the Company’s quarterly financial statements and their compliance with applicable Financial Reporting Standards, the External Auditors, Grant Thornton Malaysia PLT were engaged to conduct a limited review of the Company’s quarterly financial statements before their presentation to the AC for review and recommendation for the Board’s approval and adoption.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. In 2022, the AC Chairman conveyed to the Board matters of significant concern including those raised by the External Auditors or Internal Auditors in the respective quarterly financial presentations.

SUMMARY OF WORK

The AC’s work during 2022 comprised the following:

Financial Reporting

1. Reviewed the quarterly unaudited financial results of the Group to ensure compliance with the Listing Requirements, applicable approval accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors;
2. Reviewed the audited financial statements of the Group to ensure compliance with the applicable approval accounting standards and other statutory and regulatory requirements with the External Auditors prior to submission to the Board for their consideration and approval;
3. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.

External Audit

During the year, the AC together with the external auditors:

1. Reviewed 2022 audit plan and scope of work for the Group;
2. Reviewed the audit fees, the number of experience of audit staff assigned to the audit engagement, resources and effectiveness of the External Auditors;
3. Reviewed the performance of External Auditors, their suitability, independence and objectivity;
4. Discussed on audit report and evaluation of the systems of the internal controls;
5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the External Auditors may wish to discuss;
6. Reviewed the results of the audit of the financial statements and their report as well as the management's responses.

During the year, the AC had assessed the new External Auditors, Grant Thornton Malaysia PLT ("GTM") by considering their qualification, credentials, reputation and experience prior to official engagement. Subsequently, the AC recommended to the Board for approval for the appointment of GTM as the new External Auditors of the Company for the financial year ended 31 December 2022.

In 2022, the AC had 2 private meetings with the External Auditors without the presence of the CEO, Management and Internal Auditors. The AC enquired about the Management's and staff's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions. The AC viewed coordination and sharing of information and feedback amongst the External Auditors, Finance and Internal Audit personnel would continuously improve and maximise efficiency in audits. The AC Chairman also reiterated to the External Auditors to contact him at any time should they be aware of incidents or matters in the course of their audits or reviews that needs his attention or that of the AC or the Board.

The External Auditors had in their presentation of the External Auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statement of the Group for the financial year 2022.

The External Auditors' non-audit service fees and the statutory audit fees are available on page 136 of this Annual Report.

Internal Audit ("IA")

During the year, the AC:

1. Reviewed and approved the risk-based annual audit plan to ensure adequate scope and coverage on the activities of the Company and the Group;
2. Reviewed and deliberated on the IA reports and to monitor / follow-up on remedial action;
3. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on timely basis;
4. Reviewed the adequacy of resource requirements and competencies of staff within IAD function to execute the annual audit plan and the results of the work;
5. Reviewed the effectiveness of IA processes and the resources allocated to IAD;
6. Reviewed the AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report; and
7. Reviewed the Anti-Bribery and Anti-Corruption Policy and procedures in compliance with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009.

Related Party Transactions

1. Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for the Board's approval;
2. Monitored the related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 25 May 2022; and
3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

Para 15.27 Listing Requirement states that a listed issuer must establish an internal audit function which is independent of the activities and reports to the AC. In compliance to that, an in-house IA function has been established and the scope, responsibilities and authority of the IA activity are defined in the IA Charter approved by the AC.

The IAD is led by the Head of Internal Audit, which reports to the AC. The Head of Internal Audit is a Chartered Accountant of Malaysian Institute of Accountants (MIA) and a Certified Internal Auditor. She is also a Chartered Member of The Institute of Internal Auditor Malaysia.

The principal objective of IAD is to undertake regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group.

The IA personnel are free from any relationships or conflicts of interests which could impair their objectivity and independence in carrying out the function. IA personnel are able to access information to enable it carry out its functions effectively. The AC is satisfied that the Internal Auditors' independence has been maintained as adequate.

IAD adopts a risk-based methodology in planning and conducting audits by focusing on key risk areas and activities that are aligned with the Group's strategic plans. IA function is carried out according to the International Professional Practices Framework (IPPF) where applicable. The IA Plan 2022 was reviewed and approved by the AC.

During the year, IAD has completed and issued the IA reports based on approved annual audit plan and ad hoc request from the AC and Management. The audit assignments covered various operations management of the selected subsidiaries and risk management review within the Group. The reports are issued to the AC, Executive Directors and the respective operations management, incorporating audit recommendations and Management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations.

The AC received quarterly reports and status of management actions from the IAD on audit reviews carried out, management's response to the findings and progress status in rectifying the identified issues. The management were made responsible and ensured that corrective actions on the control deficiencies were taken within the required time frame. IAD conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

The total costs incurred for the IA function for the financial year ended 31 December 2022 was approximately RM172,000. The AC reviewed and approved the IAD budget and human resource requirements to ensure that the function is adequately resourced.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 (Act) to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysia Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), the requirements of the Act in Malaysia, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

The Directors hereby submit their report together with 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 whilst those of its subsidiaries are disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	<u>(2,239,445)</u>	<u>(13,610,585)</u>
Attributable to:-		
Owners of the Company	(1,780,559)	
Non-controlling interests	<u>(458,886)</u>	
	<u>(2,239,445)</u>	

DIVIDENDS

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

TREASURY SHARES

During the financial year ended 31 December 2022, the Company repurchased 700,000 of its issued shares from the open market for total consideration paid, including transaction costs of RM41,266. The average price paid for the shares repurchased was approximately RM0.059 per share and was financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127(6) of the Companies Act 2016.

As at 31 December 2022, the Company held 700,000 treasury shares out of the total 720,000,000 issued ordinary shares. Further relevant details are disclosed in Note 16 to the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

HOLDING COMPANY

The Directors regard Marvellous Heights Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia, as the holding company.

DIRECTORS

The name of the Directors of the Company and its subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

<i>Directors of the Company:</i>	<i>Directors of the Company and its subsidiaries:</i>
Dato' Koh Peng Chor	Chew Boon Swee
Lim Lean Eng	Koh How Loon
Carolyn Anne Kam Foong Kheng (appointed on 25 May 2022)	
Dr. Ch'ng Huck Khoon (retired on 25 May 2022)	
Yee Kee Bing (retired on 25 May 2022)	

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Koh Tiah Siew
 Koh Teng Kiat
 Soo Wei Huey
 Thong Lai Yeen
 Chu Yang Ang
 Chan Kok Liang

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at the financial year end (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	<u>No. of ordinary shares</u>			<u>At 31.12.2022</u>
	<u>At 1.1.2022</u>	<u>Bought</u>	<u>Sold</u>	
Company				
Direct interests				
Dato' Koh Peng Chor	5,028,680	-	-	5,028,680
Chew Boon Swee	1,128,614	-	-	1,128,614
Koh How Loon	1,679,180	-	-	1,679,180
Deemed interests				
Dato' Koh Peng Chor*	373,983,483	-	-	373,983,483
Chew Boon Swee**	6,534,120	-	-	6,534,120
Koh How Loon***	370,671,643	-	-	370,671,643
Lim Lean Eng**	62,520	-	-	62,520
Holding company				
Direct interests				
Dato' Koh Peng Chor	71,660	-	-	71,660
Chew Boon Swee	7,902	-	-	7,902

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONT'D)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at the financial year end (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) are as follows (cont'd):-

	<u>No. of ordinary shares</u>			At 31.12.2022
	At 1.1.2022	Bought	Sold	
Deemed interests				
Dato' Koh Peng Chor****	137,989	-	-	137,989
Koh How Loon****	137,989	-	-	137,989

(*) Deemed interest by virtue of shares held by spouse, children, Marvellous Heights Sdn. Bhd. and PC Marketing Sdn. Bhd.

(**) Deemed interest by virtue of shares held by spouse.

(***) Deemed interest by virtue of shares held by Marvellous Heights Sdn. Bhd. and PC Marketing Sdn. Bhd.

(****) Deemed interest by virtue of shares held by PC Marketing Sdn. Bhd.

By virtue of Koh How Loon's and Koh Peng Chor's interests in the shares of the Company, they are also deemed interested in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

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

DIRECTORS' REMUNERATION AND BENEFITS

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

	Incurring by <u>the Company</u>	Incurring by the <u>subsidiaries</u>	<u>Total</u>
	RM	RM	RM
Fees	320,903	-	320,903
Salaries and other emoluments	155,614	775,749	931,363
Defined contribution plan	15,432	63,726	79,158
	491,949	839,475	1,331,424
Benefits-In-kind	14,308	37,275	51,583
	<u>506,257</u>	<u>876,750</u>	<u>1,383,007</u>

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial 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;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and of the Company during the financial year are amounted to RM10,000,000 and RM14,000 respectively.

SIGNIFICANT EVENT

The significant event is disclosed in Note 35 to the financial statements.

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 53 to 134 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 their cash flows for the financial year then ended.

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

.....
KOH HOW LOON

.....
CHEW BOON SWEE

Kuala Lumpur
12 April 2023

STATUTORY DECLARATION

I, Foong Lai Kwan, being the Officer primarily responsible for the financial management of Citra Nusa Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 53 to 134 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

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

.....
FOONG LAI KWAN
(MIA No: CA 29637)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITRA NUSA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No: 198901004452 (181758 - A)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Citra Nusa Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 134.

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 the IESBA Code.

Key Audit Matters

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

Impairment losses on trade receivables

The risk

Referring to Note 10 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk is the recoverability of trade receivables due to management judgement is required in determining the completeness of the provision for trade receivables and in assessing their adequacy through considering the expected recoverability.

Our response

We have reviewed the ageing of trade receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior years. Besides, we have assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses through examination of subsequent collections.

Inventories' valuation net

The risk

Referring to Note 12 to the financial statements. The Group holds a significant amount of inventories which are subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventories obsolescence provisions and in making an assessment of their adequacy due to risk such as inventories are not stated at the lower of cost and net realisable value.

Report on the Audit of the Financial Statements (cont'd)**Our response**

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historic loss rates.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

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

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

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 (cont'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.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

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

From the matters communicated with the Directors, we determined those matters that were of most significant 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 described 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 8 to the financial statements.

Other Matters

1. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.
2. The financial statements of the Company as at 31 December 2021 were audited by another firm of Chartered Accountants whose auditors' report dated 25 April 2022, expressed an unqualified opinion on their financial statements.

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

FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
12 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	29,437,995	30,645,819	73,386	114,787
Investment properties	5	5,104,000	5,104,000	1,980,000	1,980,000
Intangible assets	6	856,409	1,377,895	3,473	4,529
Other investments	7	2,142,973	500,001	1	1
Investment in subsidiaries	8	-	-	68,914,003	81,646,530
Investment in associates	9	-	-	-	-
Trade receivables	10	-	1,701,043	-	-
Deferred tax assets	11	-	78,002	-	-
Total non-current assets		<u>37,541,377</u>	<u>39,406,760</u>	<u>70,970,863</u>	<u>83,745,847</u>
Current assets					
Inventories	12	14,095,664	14,341,463	-	-
Trade receivables	10	7,371,135	5,968,316	98,219	985,226
Other receivables	13	4,169,922	3,978,880	11,976	2,788,972
Other investments	7	10,482,994	15,961,568	4,485,852	3,455,447
Tax recoverable		-	119,531	-	-
Cash and bank balances and deposits	14	13,018,097	10,266,612	2,542,784	842,834
Total current assets		<u>49,137,812</u>	<u>50,636,370</u>	<u>7,138,831</u>	<u>8,072,479</u>
Total assets		<u>86,679,189</u>	<u>90,043,130</u>	<u>78,109,694</u>	<u>91,818,326</u>
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	15	72,000,000	72,000,000	72,000,000	72,000,000
Treasury shares	16	(41,266)	-	(41,266)	-
Foreign currency translation reserve	17	(201,753)	62,779	-	-
Legal capital reserve	18	178,989	178,989	-	-
(Accumulated losses)/Retained earnings		(2,640,011)	(859,452)	5,987,847	19,598,432
		<u>69,295,959</u>	<u>71,382,316</u>	<u>77,946,581</u>	<u>91,598,432</u>
Non-controlling interests	8	775,396	1,250,845	-	-
Total equity		<u>70,071,355</u>	<u>72,633,161</u>	<u>77,946,581</u>	<u>91,598,432</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	19	1,078,502	1,196,252	-	-
Deferred tax liabilities	11	-	-	-	-
Total non-current liabilities		<u>1,078,502</u>	<u>1,196,252</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	20	4,237,814	3,975,839	-	-
Other payables	21	10,097,386	11,110,575	163,113	219,894
Lease liabilities	19	1,028,650	1,087,715	-	-
Tax payable		165,482	39,588	-	-
Total current liabilities		<u>15,529,332</u>	<u>16,213,717</u>	<u>163,113</u>	<u>219,894</u>
Total liabilities		<u>16,607,834</u>	<u>17,409,969</u>	<u>163,113</u>	<u>219,894</u>
Total equity and liabilities		<u>86,679,189</u>	<u>90,043,130</u>	<u>78,109,694</u>	<u>91,818,326</u>

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	22	77,147,567	74,132,479	1,543,094	1,543,094
Cost of sales		(35,558,933)	(31,242,902)	(4,076)	(2,896)
Gross profit		41,588,634	42,889,577	1,539,018	1,540,198
Other income		143,955	1,678,170	188,703	218,188
Distribution expenses		(27,626,991)	(28,293,539)	-	-
Administration expenses		(10,627,258)	(13,259,807)	(1,876,998)	(1,877,509)
Other expenses		(2,720,990)	(1,358,605)	(609,344)	(189,604)
Reversal of impairment loss on non-financial assets/ (Net impairment loss on non-financial assets)		691,436	324,426	(12,732,527)	-
(Net impairment loss on financial assets)/ Reversal of impairment loss on financial assets		(1,202,683)	262,090	(126,613)	84,214
Operating profit/(loss)		246,103	2,242,312	(13,617,761)	(224,513)
Finance income	23	368,882	268,197	108,338	64,463
Finance costs	24	(88,299)	(130,122)	-	-
Share of loss of equity-accounted associates	9	(1,018,225)	(318,741)	-	-
(Loss)/Profit before tax	25	(491,539)	2,061,646	(13,509,423)	(160,050)
Tax expense	26	(1,747,906)	(1,630,356)	(101,162)	-
(Loss)/Profit after tax		(2,239,445)	431,290	(13,610,585)	(160,050)
<i>Other comprehensive income, net of tax:</i>					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Foreign currency translation for foreign operations		(281,095)	81,968	-	-
Share of other comprehensive loss in associate companies		-	(5,685)	-	-
Total other comprehensive (loss)/income		(281,095)	76,283	(13,610,585)	(160,050)
Total comprehensive (loss)/income for the financial year		(2,520,540)	507,573	(13,610,585)	(160,050)
(Loss)/Profit after tax attributable to:-					
Owners of the Company		(1,780,559)	656,751	(13,610,585)	(160,050)
Non-controlling interests		(458,886)	(225,461)	-	-
		(2,239,445)	431,290	(13,610,585)	(160,050)
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(2,045,091)	689,276	(13,610,585)	(160,050)
Non-controlling interests		(475,449)	(181,703)	-	-
		(2,520,540)	507,573	(13,610,585)	(160,050)
Earnings per share attributable to owners of the Company (sen):-					
- Basic/Diluted	27	(0.25)	0.09		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Attributable to owners the Company									
	Non-distributable					Distributable				
	Share capital	Treasury shares	Legal capital reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total	RM	RM
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2021	72,000,000	(1,725,523)	178,989	30,254	(1,325,671)	69,158,049	1,432,548	70,590,597		
Profit/(Loss) after tax	-	-	-	-	656,751	656,751	(225,461)	431,290		
Other comprehensive income	-	-	-	32,525	-	32,525	43,758	76,283		
Total comprehensive income/(loss) for the financial year	-	-	-	32,525	656,751	689,276	(181,703)	507,573		
Transaction with owners: Resale of treasury shares	16	-	1,725,523	-	(190,532)	1,534,991	-	1,534,991		
At 31 December 2021	72,000,000	-	178,989	62,779	(859,452)	71,382,316	1,250,845	72,633,161		
Loss after tax	-	-	-	-	(1,780,559)	(1,780,559)	(458,886)	(2,239,445)		
Other comprehensive loss	-	-	-	(264,532)	-	(264,532)	(16,563)	(281,095)		
Total comprehensive loss for the financial year	-	-	-	(264,532)	(1,780,559)	(2,045,091)	(475,449)	(2,520,540)		
Transaction with owners: Own share acquired	16	-	(41,266)	-	-	(41,266)	-	(41,266)		
At 31 December 2022	72,000,000	(41,266)	178,989	(201,753)	(2,640,011)	69,295,959	775,396	70,071,355		

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		← Attributable to owners of the Company →			
Company	<u>Note</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
		RM	RM	RM	RM
At 1 January 2021		72,000,000	(1,725,523)	19,949,014	90,223,491
Total comprehensive loss for the financial year		-	-	(160,050)	(160,050)
Transaction with owners: Resale of treasury shares	16	-	1,725,523	(190,532)	1,534,991
At 31 December 2021		72,000,000	-	19,598,432	91,598,432
Total comprehensive loss for the financial year		-	-	(13,610,585)	(13,610,585)
Transaction with owners: Own shares acquired	16	-	(41,266)	-	(41,266)
At 31 December 2022		72,000,000	(41,266)	5,987,847	77,946,581

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
OPERATING ACTIVITIES					
(Loss)/Profit before tax		(491,539)	2,061,646	(13,509,423)	(160,050)
Adjustments for:-					
Amortisation of intangible assets		310,014	293,011	1,056	1,109
Bad debts written off		112,178	279,087	-	-
Depreciation of property, plant and equipment		2,659,314	2,796,571	43,782	43,867
Expired lease liabilities		-	(2,090)	-	-
Expired right-of-use assets		-	2,082	-	-
Fair value gain on investment properties		-	(84,922)	-	(180,000)
Fair value changes on other investments		1,650,777	(41,043)	502,736	29,285
Gain on disposal of other investments		(2,640)	(52,357)	-	-
Gain on disposal of property, plant and equipment		(9,886)	(26,513)	-	-
Impairment loss on intangible assets		239,599	-	-	-
Impairment loss on property, plant and equipment		87,190	-	-	-
Impairment loss on investment in subsidiaries		-	-	12,732,527	-
Interest expenses		88,299	130,122	-	-
Interest income		(368,882)	(268,197)	(108,338)	(64,463)
Intangible assets written off		1	146	-	-
Inventories written down		965,388	685,401	-	-
Inventories written off		191,136	150,540	-	-
Loss on allowance on receivables		1,251,954	301,062	137,137	1,246
Loss on disposal of a subsidiary		-	1,785	-	-
Property, plant and equipment written off		39,192	155,755	139	2
Reversal of loss allowance on receivables		(49,271)	(563,152)	(10,524)	(85,460)
Reversal of inventories written down		(669,401)	(585,446)	-	-
Reversal of inventories written off		(1,481)	-	-	-
Reversal of impairment loss on investment in an associate		(1,018,225)	(324,426)	-	-
Share of loss of equity-accounted associates		1,018,225	318,741	-	-
Unrealised (gain)/loss on foreign exchange		(225,300)	54,644	(29,270)	2,425
Operating profit/(loss) before working capital changes		5,776,642	5,282,447	(240,178)	(412,039)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
OPERATING ACTIVITIES					
Adjustments for (cont'd):-					
Changes in working capital:-					
Inventories		(232,111)	(925,393)	-	-
Receivables		(906,242)	2,557,871	795,127	(61,192)
Payables		(802,860)	1,612,118	(43,609)	67,669
		3,835,429	8,527,043	511,340	(405,562)
Income tax paid, net of refund		(1,479,438)	(1,098,478)	(101,162)	-
Interest received		45,306	46,617	6,786	5,450
Interest paid		(5,606)	(1,024)	-	-
		2,395,691	7,474,158	416,964	(400,112)
Net cash from/(used in) operating activities					
INVESTING ACTIVITIES					
Proceeds from disposal of other investments		2,329,188	6,518,943	-	929,164
Purchase of other investments		(3,591,723)	(9,883,997)	(1,533,141)	(2,482,241)
Interest received		201,670	190,581	101,552	59,013
Purchase of property, plant and equipment	A	(595,548)	(658,787)	(2,520)	(2,065)
Purchase of intangible assets		(33,193)	(277,281)	-	-
Purchase of investment properties		-	(2,595,078)	-	-
Proceeds from disposal of property, plant and equipment		15,066	236,820	-	-
Net cash outflow from disposal of a subsidiary		-	(3,330)	-	-
Proceeds from redemption of other investments		3,450,000	50,000	-	-
Repayments from/(Advances to) related parties		20,464	(145,282)	(1,894)	-
Repayments from subsidiaries		-	-	2,770,427	290,837
(Advances to)/Repayments from an associate		(14,834)	124,026	3,000	-
		1,781,090	(6,443,385)	1,337,424	(1,205,292)
Net cash from/(used in) investing activities					

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM	RM	RM	RM
FINANCING ACTIVITIES					
(Repayments to)/Advances from subsidiaries		-	-	(13,172)	18,101
Purchase of treasury shares		(41,266)	-	(41,266)	-
Advances from/(Repayments to) related parties		67,583	(53,021)	-	-
Interest paid		(82,693)	(129,098)	-	-
(Repayments to)/Advances from an associate		(143,148)	57,393	-	-
Repayments to a Director		(100,000)	(100,000)	-	-
Repayments of lease liabilities		(1,170,525)	(1,226,155)	-	-
Proceeds from resale of treasury shares		-	1,534,991	-	1,534,991
Net cash (used in)/from financing activities		<u>(1,470,049)</u>	<u>84,110</u>	<u>(54,438)</u>	<u>1,553,092</u>
CASH AND CASH EQUIVALENTS					
Net changes		2,706,732	1,114,883	1,699,950	(52,312)
Effect of exchange rate fluctuations on bank balances		44,753	18,741	-	-
Brought forward		<u>10,266,612</u>	<u>9,132,988</u>	<u>842,834</u>	<u>895,146</u>
Carried forward	B	<u>13,018,097</u>	<u>10,266,612</u>	<u>2,542,784</u>	<u>842,834</u>

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Total purchase of property, plant and equipment	1,563,010	1,454,600	2,520	2,065
Less: Acquisition by means of lease liabilities	(967,462)	(795,813)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash paid	<u>595,548</u>	<u>658,787</u>	<u>2,520</u>	<u>2,065</u>

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Deposits with financial institutions	1,066,023	62,305	-	-
Cash and bank balances	11,952,074	10,204,307	2,542,784	842,834
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents	<u>13,018,097</u>	<u>10,266,612</u>	<u>2,542,784</u>	<u>842,834</u>

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	1 January	Cash flows	Purchase	Unrealised	31 December	
	<u>2022</u>	<u>movement</u>	of property, plant and equipment	foreign exchange	<u>2022</u>	
	RM	RM	RM	RM	RM	
Amount due to a Director	1,683,333	(100,000)	-	-	1,583,333	
Amount due to related parties	20,617	67,583	-	-	88,200	
Amount due to associates	452,171	(143,148)	-	-	309,023	
Lease liabilities	2,283,967	(1,170,525)	967,462	26,248	2,107,152	
Company	1 January	Cash flows	1 January	Cash flows	31 December	
	<u>2022</u>	<u>movement</u>	<u>2022</u>	<u>movement</u>	<u>2022</u>	
	RM	RM	RM	RM	RM	
Amount due to subsidiaries			18,101	(13,172)	4,929	
Group	1 January	Cash flows	Purchase	Unrealised	Modification	31 December
	<u>2021</u>	<u>movement</u>	of property, plant and equipment	foreign exchange	of lease	<u>2021</u>
	RM	RM	RM	RM	RM	RM
Amount due to a Director	1,783,333	(100,000)	-	-	-	1,683,333
Amount due to related parties	73,638	(53,021)	-	-	-	20,617
Amount due to associates	394,778	57,393	-	-	-	452,171
Lease liabilities	2,329,816	(1,226,155)	795,813	3,302	381,191	2,283,967
Company	1 January	Cash flows	1 January	Cash flows	31 December	
	<u>2021</u>	<u>movement</u>	<u>2021</u>	<u>movement</u>	<u>2021</u>	
	RM	RM	RM	RM	RM	
Amount due to subsidiaries			-	18,101	18,101	

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. GENERAL INFORMATION

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

The registered office and the principal place of business of the Company are both located at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services whilst those of its subsidiaries are disclosed in Note 8 to the financial statements.

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

The Directors regard Marvellous Heights Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia, as the ultimate holding company.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for investment properties, debt and equity financial assets that have been measured at fair value.

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

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

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

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

2.3 Functional and Presentation Currency

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

2.4 MFRSs

2.4.1 Adoption of Amendments/Improvements to MFRSs

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

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

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

2.4.2 Standards Issued but Not Yet Effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective.

Effective for the financial period beginning on or after 1 January 2023:-

MFRS 17* and Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*#	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for the financial period beginning on or after 1 January 2024:-

Amendments to MFRS 16*#	Lease - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101*#	Presentation of Financial Statements: Non-Current Liabilities with Covenants

Amendments to MFRSs - effective date deferred indefinitely:-

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

Not applicable to the Group

The initial application of the above applicable amendments to standards are not expected to have material financial impact to the financial statements

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements

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

2.5.1 Key Sources of Estimation Uncertainty

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

Useful Lives of Depreciable Assets

Management estimates the useful lives of the depreciable assets to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2022, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's and the Company's assets.

Impairment of Non-Financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

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

Provision for Expected Credit Losses ("ECLs") of Trade Receivables

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

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration.

If a positive forecast of taxable income indicates the probable use of a deferred tax assets, especially when it can be utilised without a time limit, that deferred tax assets is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty (cont'd)

Income Tax

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

Inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated net selling price, the expiry dates, condition and movements of the inventories and applies certain percentage of write down. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow-moving inventories. Where expectation differs from the original estimates, the differences will impact the carrying amount of inventories.

Fair Value of Investment Properties

The Group recognises its investment property at fair value with changes in fair value being recognised in profit or loss. Significant judgement is required to determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluated based on Directors' estimation with reference to past experience and reliance on the work of specialists.

Fair Value of Other Investments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

2.5.2 Significant Management Judgement

The following is a significant management judgement made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the financial statements.

Classification Between Investment Property and Owner-occupied Properties

The Group and the Company determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company consider whether a property generates cash flows largely independently of the other assets held by the Group and by the Company.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group and the Company account for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

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

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

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

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.18 of the financial statements.

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

Changes in the Company owners' 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 controlling and 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.3 Business Combination and Goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business Combination and Goodwill (cont'd)

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

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

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

3.1.4 Loss of Control

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

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

3.1.5 Non-controlling Interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

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

3.1.6 Associates

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

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

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.1 Consolidation (cont'd)****3.1.6 Associates (cont'd)**

The financial statements of the associates are prepared as of the same reporting period to the Group. Where necessary, adjustments are made to bring the accounting policies of the associate companies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognise the amount in the share of profit of an equity-accounted associate in profit or loss.

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

Investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Foreign Currency Translation

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

3.2.1 Foreign Currency Transactions and Balances

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

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

All differences are taken to the profit or loss.

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

3.2.2 Foreign Operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2011 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Group and the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign Currency Translation (cont'd)

3.2.2 Foreign Operations (cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.3 Property, Plant and Equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring 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 profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2%
Plant & machinery & laboratory equipment	10% - 12.50%
Motor vehicles	10% - 20%
Office equipment, furniture & fittings, renovation, electrical installation and computer hardware	2% - 20%

Capital work-in-progress consists of buildings under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until they are completed and ready for their intended use.

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

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

3.4 Leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

As a Lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Motor vehicles	10%-20%
Plant and machinery and laboratory equipment	10%-12.5%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.11 to the financial statements.

Lease liabilities

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

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

Short-term Leases

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of motor vehicles and premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

As a Lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment Properties

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Investment properties are measured at fair value and are included in the statements of financial position at their open market values. Fair value is determined by independent valuation performed by an independent valuer or based on Directors' estimate. Gains or losses resulting from either a change in the fair values or the sale of an investment properties are immediately recognised in profit or loss in the year in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

3.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the period in which it incurred.

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

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

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

Software

Software is recognised as intangible assets when the software is not an integral part of the related hardware. All software is initially recorded at cost. The cost of an item of software is recognised as an asset if, and only if, it is possible that future benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Software, considered to have finite useful life, is stated at cost less any accumulated impairment losses and is amortised using the straight-line basis over its estimated useful life of 5-10 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Intangible Assets (cont'd)

Trademark

Trademark were acquired in business combinations and are amortised on a straight-line basis over the useful lives of 10-50 years.

3.7 Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.8 Financial Instruments

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

3.8.1 Financial Assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.1 Financial Assets (cont'd)

Initial recognition and measurement (cont'd)

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

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

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade and most of other receivables, other investments and cash and bank balances and deposits.

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

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statements of profit or loss when the right of payment has been established.

The Group's equity instruments at fair value through profit or loss includes other investments.

Derecognition

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

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.1 Financial Assets (cont'd)

Impairment

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

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

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

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

Impairment for trade receivables

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure ECL, trade receivables is grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments.

Impairment for financial assets other than trade receivables

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

Credit impaired

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

An impairment loss in respect of debt investments measured at fair value through OCI is recognised in profit or loss and the allowance account is recognised in OCI.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through OCI are credit-impaired.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.1 Financial Assets (cont'd)

Impairment (cont'd)

Credit impaired (cont'd)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. 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.

3.8.2 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Subsequent measurement

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

- (a) Financial liabilities at fair value through profit or loss; or
- (b) Financial liabilities at amortised cost.

The Group's and the Company's financial liabilities include trade and other payables.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.8 Financial Instruments (cont'd)****3.8.3 Offsetting of Financial Instruments**

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

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value ("NRV") after adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials, consumables, packing materials and goods for resale comprise the original cost of purchase and the costs of bringing the inventories to their present locations and conditions. The costs of work-in-progress and finished goods comprise cost of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity. Cost is determined on the "weighted average cost" basis.

Net realisable value represents estimated selling price in the ordinary course of business less estimated selling and distribution costs and all other estimated costs to completion.

When inventories are sold and revenue is recognised, the carrying amount of those inventories is recognised as cost of goods sold. Write-down to NRV and inventory losses are recognised as expenses when it occurred and any reversal is recognised in the profit or loss in the period in which the reversal occurs.

3.10 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, fixed deposits with licensed banks and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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

3.11 Impairment of Non-Financial Assets

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

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

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

Impairment losses, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Non-Financial Assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

3.12 Equity, Reserves and Distributions to Owners

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

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the foreign currency translation reserve.

Accumulated losses/Retained profits include all current and prior periods' accumulated profits or losses.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

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

3.13 Treasury Shares

Where the Company purchases its own shares, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued.

Should such shares be cancelled, the costs of the treasury shares are applied in the reduction of the profits otherwise available for distribution as dividends. Should such shares are subsequently reissued, by resale any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

Where the treasury shares are subsequently distributed as dividends to shareholders, the costs of the treasury shares on the original purchase are applied in the reduction of the funds otherwise available for distribution as dividends.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

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 provisions due to the passage of time is recognised as a finance cost.

3.15 Employee Benefits

3.15.1 Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the non-associated services are rendered by employees of the Group and of the Company. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.15.2 Defined Contribution Plans

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

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Company and its subsidiaries, all of which were incorporated in Malaysia, make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective country's statutory pension schemes.

3.16 Revenue

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 customer, excluding amounts collected on behalf of third parties such as sales 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue (cont'd)

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

The control over the goods or services is transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does 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.

3.16.1 Marketing and Trading of Goods

Healthcare and consumer products

Revenue is recognised when the control of the goods i.e. healthcare and consumer products are transferred, being when the goods are delivered to the customer and the customer has the significant risks and rewards of ownership of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

There are no variable elements in considerations other than discounts. The contract with customers has no right of returns, thus any returns are subject to the Group's approval. However, returns are minimum.

No element of financing deemed present as the sales made are consistent with market practice i.e. 30 days and payment upon collection.

Warranty obligations

The Group provides warranties for general repairs of water filter products sold to customers that are not functioning as intended. However, in certain instances additional year(s) of warranty are issued to customers as a sales incentive and when this is considered a material right, the Group allocates the relevant revenue to warranty and revenue is then recognised over the period of the warranty. However this amount is minimum.

Option to acquire future goods at discounted price

The sales and marketing plan of the Group includes offering vouchers to their customers for their future acquisition of goods at discounted price. As the option provides a material right to the customers that they would not receive without entering into the contract, it is considered a separate performance obligation. As such, the Group only recognises the allocated revenue when those future goods are transferred and the vouchers are accounted for as reduction of the transaction price.

Food ingredients, coffee and other related beverage products

Revenue are recognised when the control of the goods i.e. food ingredients, coffee and related beverage products are transferred, being when the goods leave the Group's premises to be delivered to the customer. This is when the customer is considered to have the significant risks and rewards of ownership of the goods, i.e. the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

There are no variable elements in considerations. The contract with customers has no right of returns, thus any returns are subject to the Group's approval. However, the returns are minimum.

No element of financing deemed present as the sales made are consistent with market practice i.e. 30 days to 90 days.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.16 Revenue (cont'd)****3.16.2 Subscription Fees**

A component of fees collected is recognised as revenue upon transfer of control of goods and services to the customer whilst the remaining fee is recognised over the period of subscription. Subscription fees are recognised over time since the customer simultaneously receives and consumes the benefits provided. The subscription renewal fee is recognised over the period of subscription.

3.16.3 Manufacturing of Goods

Revenue is recognised when the control of the goods i.e. coffee and other related beverage products are transferred, being when the goods leaves the Group's premises to be delivered to the customer. This is when the customer is considered to have significant risks and rewards of ownership of the goods, i.e. the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

No element of financing is deemed present as the sales made are consistent with market practice i.e. 30 days to 60 days.

There are no variable elements in considerations other than return which is minimum. Contract with customers has no right of returns, thus any returns are subject to the Group's approval.

3.16.4 Sales of Food and Beverage

Revenue is recognised when the control of the goods i.e. food and beverage are transferred, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

There are no variable elements in consideration.

No element of financing is deemed present as the sales made are consistent with market practice i.e. cash and 30 to 90 days for corporate and catering customers.

3.16.5 Management Fees

Management services are recognised over time since the customer simultaneously receives and consumes the benefits provided. Management fee is recognised when services are rendered. Payment is generally due within 30 days from the date when performance obligation is satisfied.

3.16.6 Rental Income from Investment Properties

Rental income is recognised over the term of the lease.

3.16.7 Transportation Income

Sales of services i.e. transportation is recognised over time since the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for the performance complete to date. Revenue from services is recognised when the services are rendered. Payment is generally due within 30 days to 60 days from the date when performance obligation is satisfied.

3.16.8 Interest Income

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Tax Expense

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

3.18.1 Current Tax

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

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

3.18.2 Deferred Tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Tax Expense (cont'd)

3.18.2 Deferred Tax (cont'd)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.5 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

3.19 Segment Reporting

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

3.20 Contingencies

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.

Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Earning Per Share ("EPS")

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the year.

3.22 Financial Guarantee Contract

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.23 Related Parties

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

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

- (i) Has control or joint control over the Group and the Company;
- (ii) Has significant influence over the Group and the Company; or
- (iii) Is a member of the key management personnel of the parent of the Company, or the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

- (i) The entity and the Group or the Company are members of the same group;
- (ii) One entity is an associate or joint venture of the other entity;
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity; or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land	Buildings	Plant and machinery, and laboratory equipment	Motor vehicles	Office equipment, furniture and fittings, renovation, electrical installation and computer hardware	Capital work-in- progress	Right-of-use- Lease of premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2021	4,621,097	35,800,057	25,885,930	3,049,559	14,423,630	1,343,198	2,169,673	87,293,144
Additions	-	-	239,707	187,489	296,018	85,573	645,813	1,454,600
Modification of lease	-	-	-	-	-	-	381,191	381,191
Expired leases	-	-	-	-	-	-	(967,646)	(967,646)
Disposals	-	-	(117,821)	(360,474)	(15,146)	-	-	(493,441)
Written off	-	(196,250)	(98,314)	-	(196,510)	-	-	(491,074)
Exchange differences	-	66,471	62,400	-	22,742	-	9,802	161,415
At 31 December 2021	4,621,097	35,670,278	25,971,902	2,876,574	14,530,734	1,428,771	2,238,833	87,338,189
Additions	-	-	597,220	-	384,045	63,883	517,862	1,563,010
Expired leases	-	-	-	-	-	-	(609,418)	(609,418)
Disposals	-	-	(40,000)	-	(14,880)	-	-	(54,880)
Written off	-	-	(310,164)	-	(265,812)	-	-	(575,976)
Transfer	-	-	-	-	877,671	(877,671)	-	-
Exchange differences	-	(68,616)	(64,414)	-	(3,812)	-	58,706	(78,136)
At 31 December 2022	4,621,097	35,601,662	26,154,544	2,876,574	15,507,946	614,983	2,205,983	87,582,789

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

Group	Freehold land	Buildings	Plant and machinery, and laboratory equipment	Motor vehicles	Office equipment, furniture and fittings, renovation, electrical installation and computer hardware	Capital work-in-progress	Right-of-use-lease of premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2021	-	15,472,671	23,540,571	2,080,347	12,665,724	-	1,133,908	54,893,221
Charge for the financial year	-	812,317	473,192	208,139	465,586	-	837,337	2,796,571
Expired leases	-	-	-	-	-	-	(965,564)	(965,564)
Disposals	-	-	(3,825)	(266,338)	(12,971)	-	-	(283,134)
Written off	-	(66,398)	(86,472)	-	(182,449)	-	-	(335,319)
Exchange differences	-	54,750	47,801	-	18,130	-	4,545	125,226
At 31 December 2021	-	16,273,340	23,971,267	2,022,148	12,954,020	-	1,010,226	56,231,001
Charge for the financial year	-	807,889	468,618	206,545	363,703	-	812,559	2,659,314
Expired leases	-	-	-	-	-	-	(609,418)	(609,418)
Disposals	-	-	(39,999)	-	(9,701)	-	-	(49,700)
Written off	-	-	(296,616)	-	(238,353)	-	-	(534,969)
Exchange differences	-	(65,511)	(58,564)	-	(8,134)	-	33,116	(99,093)
At 31 December 2022	-	17,015,718	24,044,706	2,228,693	13,061,535	-	1,246,483	57,597,135

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

	Freehold land RM	Buildings RM	Plant and machinery, and laboratory equipment RM	Motor vehicles RM	Office equipment, furniture and fittings, renovation, electrical installation and computer hardware RM	Capital work-in- progress RM	Right-of-use- Lease of premises RM	Total RM
Group								
Accumulated impairment loss								
At 1 January 2021	-	-	-	-	68,507	391,778	-	460,285
Exchange differences	-	-	-	-	1,084	-	-	1,084
At 31 December 2021	-	-	-	-	69,591	391,778	-	461,369
Impairment loss for the financial year	-	17,840	69,769	-	(419)	-	-	87,190
Written off	-	-	-	-	(1,815)	-	-	(1,815)
Exchange differences	-	(603)	(2,356)	-	3,874	-	-	915
At 31 December 2022	-	17,237	67,413	-	71,231	391,778	-	547,659
Net carrying amount								
At 31 December 2022	4,621,097	18,568,707	2,042,425	647,881	2,375,180	223,205	959,500	29,437,995
At 31 December 2021	4,621,097	19,396,938	2,000,635	854,426	1,507,123	1,036,993	1,228,607	30,645,819

Impairment loss on property, plant and equipment of the Group had been recognised due to the recoverable amounts of the property, plant and equipment are lower than the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

	<u>Motor vehicles</u>	Office equipment, furniture and <u>fittings</u>	<u>Computer</u> <u>hardware</u>	<u>Total</u>
	RM	RM	RM	RM
Company				
Cost				
At 1 January 2021	396,500	7,400	72,223	476,123
Additions	-	-	2,065	2,065
Written off	-	-	(141)	(141)
At 31 December 2021	396,500	7,400	74,147	478,047
Additions	-	-	2,520	2,520
Written off	-	-	(10,731)	(10,731)
At 31 December 2022	396,500	7,400	65,936	469,836
Accumulated depreciation				
At 1 January 2021	264,331	3,681	51,520	319,532
Charge for the financial year	39,650	561	3,656	43,867
Written off	-	-	(139)	(139)
At 31 December 2021	303,981	4,242	55,037	363,260
Charge for the financial year	39,650	559	3,573	43,782
Written off	-	-	(10,592)	(10,592)
At 31 December 2022	343,631	4,801	48,018	396,450
Net carrying amount				
At 31 December 2022	52,869	2,599	17,918	73,386
At 31 December 2021	92,519	3,158	19,110	114,787

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

Included in motor vehicles and plant and machinery and laboratory equipment of the Group, right-of-use assets are as follows:

	<u>Motor vehicles</u>	<u>Plant and machinery and laboratory equipment</u>	<u>Total</u>
	RM	RM	RM
Group			
Cost			
At 1 January 2021	1,039,795	1,181,352	2,221,147
Additions	187,489	-	187,489
Transfer to property, plant and equipment	(344,125)	-	(344,125)
At 31 December 2021	883,159	1,181,352	2,064,511
Additions	-	449,600	449,600
Transfer to property, plant and equipment	(154,700)	(241,815)	(396,515)
At 31 December 2022	728,459	1,389,137	2,117,596
Accumulated depreciation			
At 1 January 2021	365,817	208,620	574,437
Charge for the financial year	137,279	118,135	255,414
Transfer to property, plant and equipment	(140,446)	-	(140,446)
At 31 December 2021	362,650	326,755	689,405
Charge for the financial year	115,364	93,953	209,317
Transfer to property, plant and equipment	(65,748)	(64,484)	(130,232)
At 31 December 2022	412,266	356,224	768,490
Net carrying amount			
At 31 December 2022	316,193	1,032,913	1,349,106
At 31 December 2021	520,509	854,597	1,375,106

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5. INVESTMENT PROPERTIES

	Right-of-use - Leasehold land and buildings RM	Freehold building RM	Total RM
Group			
At fair value			
At 1 January 2021	2,424,000	-	2,424,000
Addition	-	2,595,078	2,595,078
Fair value changes	180,000	(95,078)	84,922
At 31 December 2021/31 December 2022	2,604,000	2,500,000	5,104,000
Company			
At fair value			
At 1 January 2021	1,800,000	-	1,800,000
Fair value changes	180,000	-	180,000
At 31 December 2021/31 December 2022	1,980,000	-	1,980,000

Income and expenses recognised in profit or loss:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Rental income	120,000	120,000	120,000	120,000
Direct operating expenses				
- Income generating	4,076	2,896	4,076	2,896
- Non-income generating	-	15,360	-	-

Fair value basic of investment properties

The fair value represents the amount at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller on an arm's length basis at the reporting date.

The fair values of the Group's and the Company's investment properties have been arrived at on the basis of valuations carried out by a firm of independent professional valuers on 31 December 2022 who have appropriate professional qualification and recent experience in the relevant location and assets being valued. The fair values of the investment properties were determined using the Comparison Method.

5. INVESTMENT PROPERTIES (CONT'D)

Fair value basic of investment properties (cont'd)

The Comparison Method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market condition and other relevant characteristics. There has been no changes to the valuation technique during the financial year.

Fair Value

Fair value measurement of the investment properties were categorised as follows:-

	<u>Level 1</u>	Group <u>Level 2</u>	<u>Level 3</u>
	RM	RM	RM
2022			
Recurring fair value measurement:-			
Leasehold land and buildings	-	1,980,000	624,000
Freehold building	-	2,500,000	-
	<hr/>	<hr/>	<hr/>
2021			
Recurring fair value measurement:-			
Leasehold land and buildings	-	1,980,000	624,000
Freehold building	-	2,500,000	-
	<hr/>	<hr/>	<hr/>
		Company	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM	RM	RM
2022			
Recurring fair value measurement:-			
Leasehold land and buildings	-	1,980,000	-
	<hr/>	<hr/>	<hr/>
2021			
Recurring fair value measurement:-			
Leasehold land and buildings	-	1,980,000	-
	<hr/>	<hr/>	<hr/>

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square feet of comparable properties.

Level 3 fair value of the land and buildings was estimated based on Director's valuation with reference from a valuation report prepared by an independent professional qualified valuer. The main key input for the valuation of investment property is by reference to the latest recorded sales transactions of similar properties within the same scheme and same vicinity.

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6. INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Computer software</u>	<u>Trademark</u>	<u>Total</u>
	RM	RM	RM	RM
Group				
Cost				
At 1 January 2021	946,709	1,952,900	357,842	3,257,451
Additions	-	223,889	53,392	277,281
Written off	-	(2,500)	-	(2,500)
Exchange differences	-	-	17,488	17,488
At 31 December 2021	946,709	2,174,289	428,722	3,549,720
Additions	-	17,384	15,809	33,193
Written off	-	(520)	-	(520)
Exchange differences	-	-	(21,301)	(21,301)
At 31 December 2022	946,709	2,191,153	423,230	3,561,092
Accumulated amortisation				
At 1 January 2021	-	860,486	69,614	930,100
Charge for the financial year	-	238,188	54,823	293,011
Written off	-	(2,354)	-	(2,354)
Exchange differences	-	-	4,359	4,359
At 31 December 2021	-	1,096,320	128,796	1,225,116
Charge for the financial year	-	249,255	60,759	310,014
Written off	-	(519)	-	(519)
Exchange differences	-	-	(8,142)	(8,142)
At 31 December 2022	-	1,345,056	181,413	1,526,469
Accumulated impairment loss				
At 1 January /31 December 2021	946,709	-	-	946,709
Impairment loss for the financial year	-	-	239,599	239,599
Exchange differences	-	-	(8,094)	(8,094)
At 31 December 2022	946,709	-	231,505	1,178,214
Net carrying amount				
At 31 December 2022	-	846,097	10,312	856,409
At 31 December 2021	-	1,077,969	299,926	1,377,895

6. INTANGIBLE ASSETS (CONT'D)

Company Cost	Computer software RM
At 1 January 2021/31 December 2021/31 December 2022	35,271
Accumulated amortisation	
At 1 January 2021	29,633
Charge for the financial year	1,109
At 31 December 2021	30,742
Charge for the financial year	1,056
At 31 December 2022	31,798
Net carrying amount	
At 31 December 2022	3,473
At 31 December 2021	4,529

Impairment loss review of goodwill on consolidation, computer software and trademark

Impairment loss on intangible assets of the Group had been recognised due to recoverable amounts of intangible assets are lower than the carrying amounts.

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating unit ("CGU") that is expected to benefit from the business combination.

7. OTHER INVESTMENTS

	Group		Company	
	<u>2022</u> RM	<u>2021</u> RM	<u>2022</u> RM	<u>2021</u> RM
Non-current assets				
Fair value through profit or loss				
Unquoted shares				
- Within Malaysia	142,973	500,001	1	1
Redeemable convertible preference shares	2,000,000	-	-	-
	<u>2,142,973</u>	<u>500,001</u>	<u>1</u>	<u>1</u>
Current assets				
Fair value through profit or loss				
Investment in money market funds	10,482,994	12,511,568	4,485,852	3,455,447
Amortised costs				
Non-convertible redeemable preference shares	-	3,450,000	-	-
	<u>10,482,994</u>	<u>15,961,568</u>	<u>4,485,852</u>	<u>3,455,447</u>
	<u>12,625,967</u>	<u>16,461,569</u>	<u>4,485,853</u>	<u>3,455,448</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

7. OTHER INVESTMENTS (CONT'D)

The fair value of unquoted share and redeemable convertible preference shares are determined based on the valuation techniques supported by available inputs comprising precedent transaction for similar financial instruments.

The fair value of money market funds is determined based on quoted bid prices in an active market.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	<u>2022</u>	<u>2021</u>
	RM	RM
Unquoted shares, at cost	83,321,374	83,321,374
Less: Accumulated impairment loss		
At 1 January	(1,674,844)	(1,674,844)
Addition	(12,732,527)	-
31 December	<u>(14,407,371)</u>	<u>(1,674,844)</u>
Net carrying amount	<u>68,914,003</u>	<u>81,646,530</u>

Investment in subsidiaries are impaired at reporting date when the net asset of the subsidiary is lower than cost of investment.

The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a five-year period. The discount rates applied to the cash flow projections is 7.4% (2021: Nil) based on the weighted average cost of capital of the Company.

Details of the subsidiaries are as follows:-

<u>Name of company</u>	<u>Principal place of business</u>	<u>Principal activities</u>	<u>Effective interest</u>	
			<u>2022</u>	<u>2021</u>
CNI Enterprise (M) Sdn. Bhd.	Malaysia	Sale and distribution of health care and consumer products.	100%	100%
Exclusive Mark (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages.	100%	100%
Q-Pack (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of household and personal care products.	100%	100%
Infuso Sdn. Bhd.	Malaysia	Supply of food and beverage and investment holding.	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Import and distribution of food ingredients, pharmaceutical and healthcare goods, cosmetic and beauty products.	70%	70%

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):-

Name of company	Principal place of business	Principal activities	Effective interest	
			2022	2021
Subsidiary of CNI Enterprise (M) Sdn. Bhd.				
Creative Network International (S) Pte. Ltd. *	Singapore	Sale and distribution of health care and consumer products.	100%	100%
Subsidiaries of Exclusive Mark (M) Sdn. Bhd.				
Bright Way Avenue Sdn. Bhd.	Malaysia	Marketing and distributing coffee and other related beverage products.	100%	100%
Top One Biotech Co., Ltd.*	Taiwan	Manufacturing, sales and distribution of foodstuffs and groceries products.	70%	70%

* Not audited by Grant Thornton Malaysia PLT

On 18 February 2021, the subsidiary of CNI Enterprise (M) Sdn. Bhd., CNI Global (Malaysia) Sdn. Bhd. applied for the striking off to the Companies commission of Malaysia pursuant to Section 550 of the Companies Act 2016 and was subsequently dissolved on 18 August 2021.

The subsidiaries of the Group that have non-controlling interests ("NCI")

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2022			
NCI percentage of ownership and voting interest (%)	30%	30%	
Carrying amount of NCI	638,140	137,256	775,396
Profit/(loss) for the financial year allocated to NCI	53,897	(512,783)	(458,886)
Total comprehensive income/(loss) for the financial year allocated to NCI	53,897	(529,346)	(475,449)

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8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries of the Group that have non-controlling interests ("NCI") (cont'd)

	Lotus Supplies <u>Sdn. Bhd.</u> RM	Top One Biotech Co., <u>Ltd.</u> RM	<u>Total</u> RM
2021			
NCI percentage of ownership and voting interest (%)	30%	30%	
Carrying amount of NCI	584,243	666,602	1,250,845
Profit/(loss) for the financial year allocated to NCI	56,872	(282,333)	(225,461)
Total comprehensive income/(loss) for the financial year allocated to NCI	56,872	(238,575)	(181,703)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI

	Lotus Supplies <u>Sdn. Bhd.</u> RM	Top One Biotech Co., <u>Ltd.</u> RM
2022		
Financial position		
Non-current assets	169,318	-
Current assets	2,188,044	479,884
Non-current liabilities	(39,249)	-
Current liabilities	(190,980)	(22,364)
Net assets	2,127,133	457,520
Summary of financial performance for the financial year		
Revenue	5,869,897	31,865
Profit/(loss) for the financial year	179,656	(1,709,277)
Total comprehensive income/(loss)	179,656	(1,764,487)
Summary of cash flows for the financial year		
- Net cash from/(used in) operating activities	183,015	(19,709)
- Net cash from/(used in) investing activities	95	(15,766)
- Net cash used in financing activities	(69,178)	-
Net cash inflows/(outflows)	113,932	(35,475)
Other information		
Dividends paid to non-controlling interests	-	-

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI (cont'd)

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM
2021		
Financial position		
Non-current assets	191,080	675,084
Current assets	1,993,550	1,575,675
Non-current liabilities	(89,779)	-
Current liabilities	(147,374)	(28,752)
Net assets	<u>1,947,477</u>	<u>2,222,007</u>
Summary of financial performance for the financial year		
Revenue	4,181,822	586,409
Profit/(loss) for the financial year	189,574	(941,109)
Total comprehensive income/(loss)	<u>189,574</u>	<u>(795,249)</u>
Summary of cash flows for the financial year		
- Net cash from operating activities	186,615	6,405
- Net cash used in investing activities	(6,683)	(53,392)
- Net cash used in financing activities	(21,117)	-
Net cash inflows/(outflows)	<u>158,815</u>	<u>(46,987)</u>
Other information		
Dividends paid to non-controlling interests	<u>-</u>	<u>-</u>

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares				
At cost	4,866,282	4,866,282	4,866,282	4,866,282
Share of post-acquisition reserves				
At 1 January	(3,848,057)	(3,523,631)	-	-
Additions	(1,018,225)	(324,426)	-	-
At 31 December	(4,866,282)	(3,848,057)	-	-
Less: Accumulated impairment loss				
At 1 January	(1,018,225)	(1,342,651)	(4,866,282)	(4,866,282)
Reversal	1,018,225	324,426	-	-
At 31 December	<u>-</u>	<u>(1,018,225)</u>	<u>(4,866,282)</u>	<u>(4,866,282)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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9. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of company	Principal place of business	Principal activities	Effective interest	
			2022	2021
CNI Corporation Sdn. Bhd.*	Malaysia	Investment holding and provision of management service and commission agent	25.80%	25.80%
Held by CNI Corporation Sdn. Bhd.				
CNI Venture Sdn. Bhd.*	Malaysia	Research and development on healthcare products	25.80%	25.80%
CNI Enterprise (India) Pvt. Ltd. *	India	Dormant	25.80%	25.80%
CNI VN Co. Ltd. *	Vietnam	Direct selling	25.80%	25.80%

* Not audited by Grant Thornton Malaysia PLT

Impairment loss

Reversal of impairment loss amounting to RM1,018,225 (2021: RM324,426) has been recognised in profit or loss to offset against the share of results of associate up to the cost of investment of the associate which is specified under Equity Method Accounting.

Summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:

	2022	2021
	RM	RM
Summary of financial position		
Non-current assets	248,601	269,851
Current assets	1,725,367	8,099,139
Current liabilities	(7,773,304)	(8,125,244)
Net (liabilities)/assets	(5,799,336)	243,746
Summary of financial performance for the financial year		
Revenue	4,329,169	5,312,488
Loss for the financial year	(4,215,855)	(1,398,135)
Other comprehensive loss for the financial year	(1,827,227)	(22,036)
Total comprehensive loss for the financial year	(6,043,082)	(1,420,171)
Reconciliation of net liabilities to carrying amount at the end of the financial year		
Group's share of net liabilities	(955,339)	62,886
Goodwill	955,339	955,339
Impairment loss	-	(1,018,225)
Carrying amount in the statements of financial position	-	-

9. INVESTMENT IN ASSOCIATES (CONT'D)

Summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows (cont'd):

	<u>2022</u>	<u>2021</u>
	RM	RM
Group's share of results for the financial year end		
Loss for the financial year	(1,087,690)	(360,719)
Reversal of share of losses in prior year due to dilution of interest	-	41,978
Other comprehensive loss for the financial year	(471,425)	(5,685)
Total comprehensive loss for the financial year	(1,559,115)	(324,426)
Other information		
Dividends received	-	-

Contingent liabilities and capital commitments

The associates have no contingent liabilities and capital commitments in both financial years.

The Group has not recognised loss and other comprehensive loss related to CNI Corporation Sdn. Bhd., totaling RM69,465 and RM471,425 (2021: Nil and Nil) and cumulatively RM69,465 and RM471,425 (2021: Nil and Nil), since the Group has no obligation in respect of these losses.

10. TRADE RECEIVABLES

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Non-current				
External parties	-	1,701,043	-	-
Current				
External parties	8,238,305	5,666,195	-	-
Amount due from related parties	25,008	9,968	-	-
Amount due from associates	706,485	695,511	-	-
Amount due from subsidiaries	-	-	116,572	985,226
	<u>9,014,798</u>	<u>6,371,674</u>	<u>116,572</u>	<u>985,226</u>
	9,014,798	8,072,717	116,572	985,226
Less: Allowance for expected credit losses				
- External parties				
At 1 January	403,358	876,736	-	-
Additions	1,247,104	16,077	-	-
Reversal	(6,799)	(489,455)	-	-
At 31 December	<u>1,643,663</u>	<u>403,358</u>	-	-

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10. TRADE RECEIVABLES (CONT'D)

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Less: Allowance for expected credit losses (cont'd)				
- Subsidiaries				
At 1 January	-	-	-	57,273
Additions	-	-	18,353	-
Reversal	-	-	-	(57,273)
At 31 December	-	-	18,353	-
	<u>1,643,663</u>	<u>403,358</u>	<u>18,353</u>	<u>-</u>
	<u>7,371,135</u>	<u>5,968,316</u>	<u>98,219</u>	<u>985,226</u>
	<u>7,371,135</u>	<u>7,669,359</u>	<u>98,219</u>	<u>985,226</u>

The details of allowance for expected credit losses is as below:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Individually impaired	1,641,002	389,406	18,353	-
Collectively impaired	<u>2,661</u>	<u>13,952</u>	<u>-</u>	<u>-</u>
	<u>1,643,663</u>	<u>403,358</u>	<u>18,353</u>	<u>-</u>

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Deferred receivable balance is disclosed as follows:		
Present value of trade receivables		
Within one year	2,792,560	1,219,716
More than one year less than two years	-	<u>1,796,332</u>
	-	<u>3,016,048</u>
Less: Fair value adjustment	-	<u>(121,906)</u>
	<u>2,792,560</u>	<u>2,894,142</u>
Representing:		
Current asset	2,792,560	1,193,099
Non-current asset	-	<u>1,701,043</u>
	<u>2,792,560</u>	<u>2,894,142</u>

10. TRADE RECEIVABLES (CONT'D)

The reconciliation of movements in fair value adjustment is as follows:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Brought forward	(121,906)	(152,905)
Fair value adjustment during the financial year	121,906	30,999
Carried forward	<u>-</u>	<u>(121,906)</u>

The credit terms of trade receivables of the Group and of the Company range from cash term to 180 days (2021: 30 to 180 days).

Included in trade receivables of the Group is an amount of RM1,059,991 (2021: RM1,132,588) which are secured by security deposits.

Related parties refer to the companies in which Directors have interests.

Trade receivables denominated in currencies other than the functional currency are as follows:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
United States Dollar	940,983	1,223,941	15,542	-
Singapore Dollar	18,353	-	34,755	24,797
	<u>18,353</u>	<u>-</u>	<u>34,755</u>	<u>24,797</u>

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
At 1 January	78,002	550,469	-	-
Transferred to profit or loss	(77,808)	(473,007)	-	-
Exchange differences	(194)	540	-	-
At 31 December	<u>-</u>	<u>78,002</u>	<u>-</u>	<u>-</u>

Presented after appropriate offsetting as follows:-

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Deferred tax assets	-	78,002	-	-
Deferred tax liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>78,002</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets and liabilities that are recognised during the financial year are as follows:

Deferred tax assets

	Property, plant and equipment		Investment properties		Unabsorbed tax losses		Unabsorbed capital allowances		Accumulated impairment loss		Unrealised profits on inventories		Unutilised reinvestment allowances		Others		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Group																		
At 1 January 2021	(1,958,450)	-	1,286,254	-	-	-	473,007	10,398	739,260	550,469								
Recognised in profit and loss	(278,320)	(77,645)	(77,806)	26,712	1,041,920	(473,007)	(10,398)	(624,463)	(473,007)									
Exchange differences	-	-	540	-	-	-	-	-	-	540								
At 31 December 2021	(2,236,770)	(77,645)	1,208,988	26,712	1,041,920	-	114,797	78,002										
Recognised in profit and loss	2,236,770	77,645	(1,208,794)	(26,712)	(1,041,920)	-	(114,797)	(77,808)										
Exchange differences	-	-	(194)	-	-	-	-	(194)										
At 31 December 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Deferred tax liabilities

	Property, plant and equipment		Intangible assets		Unabsorbed capital allowances		Inventories		Accumulated impairment loss		Unabsorbed tax losses		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
At 1 January 2021	840,894	-	305,000	(104,000)	(1,042,000)	106	-						
Recognised in profit and loss	(1,905,971)	78,000	163,000	14,000	1,312,000	338,971	-						
At 31 December 2021	(1,065,077)	78,000	468,000	(90,000)	270,000	339,077	-						
Recognised in profit and loss	66,077	(12,000)	188,000	(103,000)	200,000	(339,077)	-						
At 31 December 2022	(999,000)	66,000	656,000	(193,000)	470,000	-	-						

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets and liabilities that are recognised during the financial year are as follows (cont'd):

Deferred tax liabilities (cont'd)

	<u>Property, plant and equipment</u> RM	<u>Impairment</u> RM	Unabsorbed capital <u>allowances</u> RM	Unabsorbed <u>tax losses</u> RM	<u>Total</u> RM
Company					
At 1 January 2021	-	-	-	-	-
Recognised in profit and loss	(36,000)	-	32,000	4,000	-
At 31 December 2021	(36,000)	-	32,000	4,000	-
Recognised in profit and loss	-	4,000	-	(4,000)	-
At 31 December 2022	(36,000)	4,000	32,000	-	-

The amounts of deferred tax assets (at gross) that are not recognised in the statements of financial position are as follows:

	Group		Company	
	<u>2022</u> RM	<u>2021</u> RM	<u>2022</u> RM	<u>2021</u> RM
Inventories	175,000	16,000	-	-
Impairment	2,368,000	1,895,000	-	-
Unabsorbed capital allowances	355,000	414,000	-	-
Unabsorbed tax losses	29,668,000	27,944,000	9,853,000	9,816,000
	<u>32,566,000</u>	<u>30,269,000</u>	<u>9,853,000</u>	<u>9,816,000</u>

Deferred tax assets (at gross) have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

Effective Year of Assessment 2019 as announced in the Annual Budget 2022, the unabsorbed tax losses of the Group as of 31 December 2018 and thereafter will be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years terms, the unabsorbed tax losses will be disregarded.

The expiry terms of the unabsorbed tax losses are as follow:-

	Group		Company	
Year of assessment	<u>2022</u> RM	<u>2021</u> RM	<u>2022</u> RM	<u>2021</u> RM
2028	18,847,000	18,654,000	9,029,000	9,012,000
2029	3,652,000	2,260,000	370,000	370,000
2030	1,631,000	1,631,000	166,000	166,000
2031	1,876,000	1,876,000	268,000	268,000
2032	192,000	-	20,000	-
	<u>26,198,000</u>	<u>24,421,000</u>	<u>9,853,000</u>	<u>9,816,000</u>

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12. INVENTORIES

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Raw materials	5,347,118	6,591,647
Work-in-progress	80,738	240,044
Consumables	448,969	404,350
Packaging materials	2,055,481	2,282,264
Finished goods	1,074,802	396,854
Goods for resale	5,088,556	4,426,304
	<u>14,095,664</u>	<u>14,341,463</u>
Recognised in profit or loss		
Inventories recognised as cost of sales	24,588,958	21,672,300
Inventories written down	965,388	685,401
Reversal of inventories written down	(669,401)	(585,446)
Reversal of inventories written off	(1,481)	-
Inventories written off	<u>191,136</u>	<u>150,540</u>

Inventories are written down based on the experience and judgment of the management team on the basis that they reflect expected net realisable value for such inventories. Expired inventories are written off.

The Group's practise is to reverse the amount of inventories written down in prior year and reassess the inventories written down for current year.

13. OTHER RECEIVABLES

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
External parties	2,209,795	2,304,988	40,958	54,588
Advances to suppliers	121,275	625,991	-	-
Amounts due from subsidiaries	-	-	188,561	2,842,098
Amounts due from associates	78,940	64,106	-	3,000
Amounts due from related parties	331,459	351,923	-	-
Deposits	1,451,751	856,943	2,019	1,200
Prepayments	618,045	453,894	5,152	4,540
	<u>4,811,265</u>	<u>4,657,845</u>	<u>236,690</u>	<u>2,905,426</u>
Less: Allowance for expected credit loss				
- External parties				
At 1 January	678,965	467,677	45,588	44,342
Additions	4,850	284,985	1,894	1,246
Reversal	(42,472)	(73,697)	(10,524)	-
At 31 December	<u>641,343</u>	<u>678,965</u>	<u>36,958</u>	<u>45,588</u>

13. OTHER RECEIVABLES (CONT'D)

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Less: Allowance for expected credit loss				
- Subsidiaries				
At 1 January	-	-	70,866	99,093
Additions	-	-	116,890	-
Reversal	-	-	-	(28,187)
At 31 December	-	-	187,756	70,866
	<u>641,343</u>	<u>678,965</u>	<u>224,714</u>	<u>116,454</u>
	<u>4,169,922</u>	<u>3,978,880</u>	<u>11,976</u>	<u>2,788,972</u>

The details of allowance for expected credit losses is as below:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Individually impaired	<u>641,343</u>	<u>678,965</u>	<u>224,714</u>	<u>116,454</u>

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The amounts due from associates and related parties are unsecured, interest free and subject to 30 days (2021: 30 days) credit terms.

In prior financial year, included in external parties of the Group is an amount of dividend receivable of RM131,250.

Included in deposits of the Group is an amount of RM3,200 (2021: RM7,000) received from a related party.

Other receivables denominated in currencies other than the functional currency are as follows:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Thai Baht	149,210	146,254	-	-
United States Dollar	36,958	35,064	36,958	35,064
Singapore Dollar	<u>187,757</u>	<u>-</u>	<u>188,262</u>	<u>70,866</u>

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14. CASH AND BANK BALANCES AND DEPOSITS

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Fixed deposits placed with licensed banks	1,066,023	62,305	-	-
Cash and bank balances	<u>11,952,074</u>	<u>10,204,307</u>	<u>2,542,784</u>	<u>842,834</u>
	<u>13,018,097</u>	<u>10,266,612</u>	<u>2,542,784</u>	<u>842,834</u>

The effective interest rates of the deposits placed with licensed banks range from 1.25%-1.60% (2021: 0.05%) per annum and have maturity periods of three months.

Cash and bank balances denominated in currencies other than the functional currency are as follows:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Singapore Dollar	-	1,157
Brunei Dollar	305,155	293,202
United States Dollar	<u>341,861</u>	<u>398,078</u>

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Units	Units	RM	RM
Issue and fully paid with no par value				
At 1 January/31 December	<u>720,000,000</u>	<u>720,000,000</u>	<u>72,000,000</u>	<u>72,000,000</u>

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 regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

16. TREASURY SHARES

Group and Company	Number of ordinary shares		Amount	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Units	Units	RM	RM
At 1 January	-	(7,357,100)	-	(1,725,523)
Own shares acquired	(700,000)	-	(41,266)	-
Sale of treasury shares	-	7,357,100	-	1,725,523
	<u>-</u>	<u>7,357,100</u>	<u>-</u>	<u>1,725,523</u>
At 31 December	<u>(700,000)</u>	<u>-</u>	<u>(41,266)</u>	<u>-</u>

The shareholders of the Company had by an ordinary resolution passed at the Annual General Meeting held on 25 May 2022, approved the Company's plan to purchase its own shares of up to a maximum of 72,000,000 ordinary shares representing 10% of the total issued and fully paid up share capital (including the 700,000 treasury shares) of the Company.

The Directors of the Company are of the opinion that the share buy-back is the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 700,000 of its issued shares from the open market for total consideration paid, including transaction costs of RM41,266. The average price paid for the shares repurchased was approximately RM0.059 per share and was financed by internally generated funds.

The shares purchased were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

In the prior financial year, the Company resold its entire 7,357,100 ordinary shares to the open market at the average price approximately of RM0.209 per share, for cash consideration of RM1,534,991.

The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127(6) of the Companies Act 2016.

17. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve is used to record foreign currency 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.

18. LEGAL CAPITAL RESERVE

Top One Biotech Co., Ltd., a subsidiary of the Group incorporated in Taiwan, when allocating its profits after provision of tax expense shall first set aside ten percent of the said profits as legal capital reserve under Article 237 of the Taiwan Companies Act. Where such legal capital reserve amounts exceed the total authorised capital, this Article will not be applicable.

The legal capital reserve shall not be used except for making good the loss of the mentioned subsidiary under Article 237 of the Taiwan Companies Act.

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19. LEASE LIABILITIES

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Non-current	1,078,502	1,196,252
Current	<u>1,028,650</u>	<u>1,087,715</u>
	<u>2,107,152</u>	<u>2,283,967</u>

The effective interest rates per annum for lease liabilities are as follows:-

	Group	
	<u>2022</u>	<u>2021</u>
Lease liabilities	<u>4.10% - 6.80%</u>	<u>2.31%-5.49%</u>

The following are the amounts recognised in profit or loss:-

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Depreciation expenses of right-of-use assets	1,021,876	1,092,751
Interest expense on lease liabilities	82,693	129,098
Expenses relating to short-term leases	<u>1,640,270</u>	<u>1,009,651</u>
Total amount recognised in profit or loss	<u>2,744,839</u>	<u>2,231,500</u>

The Group and the Company had total cash outflows for lease of RM2,893,488 and RM104,880 (2021: RM2,364,904 and RM104,880) respectively.

20. TRADE PAYABLES

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
External parties	4,237,155	3,974,895
Amount due to related parties	<u>659</u>	<u>944</u>
	<u>4,237,814</u>	<u>3,975,839</u>

20. TRADE PAYABLES (CONT'D)

The trade credit terms granted by the trade payables to the Group range from 30 to 90 days (2021: 30 to 90 days).

Trade payables denominated in currencies other than the functional currency are as follows:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
United States Dollar	<u>1,566,560</u>	<u>1,318,205</u>

21. OTHER PAYABLES

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
External parties	2,189,629	1,707,084	1,500	1,230
Deposits	1,045,513	1,701,617	35,000	35,000
Accruals	4,748,644	5,545,753	121,684	165,563
Amount due to a Director	1,583,333	1,683,333	-	-
Amount due to related parties	88,200	20,617	-	-
Amount due to associates	309,023	452,171	-	-
Amounts due to subsidiaries	-	-	4,929	18,101
Sales and services tax	133,044	-	-	-
	<u>10,097,386</u>	<u>11,110,575</u>	<u>163,113</u>	<u>219,894</u>

The amounts due to a Director and subsidiaries are unsecured, interest free and repayable on demand.

The amount due to associates and related parties are unsecured, interest free and are subject to 30 days (2021: 30 days) credit term.

Other payables denominated in currencies other than the functional currency are as follows:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
United States Dollar	<u>87,800</u>	<u>20,825</u>

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22. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<u>Revenue from contracts with customers:</u>				
Manufacturing of goods	16,006,587	12,180,013	-	-
Marketing and trading of goods	60,156,522	60,594,614	-	-
Sales of food and beverage	301,430	192,815	-	-
Subscription fees	515,028	997,037	-	-
Management fees	-	-	1,423,094	1,423,094
Transportation income	48,000	48,000	-	-
Rental income	120,000	120,000	120,000	120,000
	<u>77,147,567</u>	<u>74,132,479</u>	<u>1,543,094</u>	<u>1,543,094</u>
<u>Timing of revenue recognition:</u>				
At a point in time	76,464,539	72,967,442	-	-
Over time	683,028	1,165,037	1,543,094	1,543,094
	<u>77,147,567</u>	<u>74,132,479</u>	<u>1,543,094</u>	<u>1,543,094</u>

23. FINANCE INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<u>Interest income:</u>				
Bank balances	45,306	46,617	6,786	5,450
- Subsidiaries	-	-	68,412	936
- Fair value adjustment on trade receivables	121,906	30,999	-	-
- Other investments	201,670	190,581	33,140	58,077
	<u>368,882</u>	<u>268,197</u>	<u>108,338</u>	<u>64,463</u>

24. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<u>Interest expenses:</u>				
- Bank overdraft	5,606	1,024	-	-
- Lease liabilities	82,693	129,098	-	-
	<u>88,299</u>	<u>130,122</u>	<u>-</u>	<u>-</u>

25. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
<u>Auditors' remuneration:</u>				
Malaysian operation:				
Grant Thornton Malaysia PLT:				
- current year	205,000	-	55,000	-
Other auditor:				
- current year	-	135,000	-	23,000
- under provision in prior year	41,240	-	37,100	-
<u>Overseas operation:</u>				
Other auditor:				
- current year	35,061	33,563	-	-
Bad debts written off	112,178	279,087	-	-
<u>Directors' fees:</u>				
- Holding	320,903	348,000	320,903	348,000
- Subsidiaries	84,000	119,701	-	-
Expired right-of-use assets	-	2,082	-	-
Expired lease liabilities	-	(2,090)	-	-
Expenses relating to short term leases	1,640,270	1,009,651	104,880	104,880
Fair value changes on other investments	1,650,777	(41,043)	502,736	29,285
Gain on disposal of other investments	(2,640)	(52,357)	-	-
Loss on disposal of a subsidiary	-	1,785	-	-
Rental income	(893,752)	(785,616)	(120,000)	(120,000)
Realised (gain)/loss on foreign exchange	(27,462)	35,922	(123,040)	22,568
Unrealised (gain)/loss on foreign exchange	(225,300)	54,644	(29,270)	2,425

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26. TAX EXPENSE

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Malaysia				
Current tax:				
Current year	1,127,000	1,071,570	-	-
Under provision in prior financial year	543,098	85,779	101,162	-
	1,670,098	1,157,349	101,162	-
Deferred tax:				
Current year	77,808	473,007	-	-
	<u>1,747,906</u>	<u>1,630,356</u>	<u>101,162</u>	<u>-</u>

Malaysian income tax is calculated at statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The numerical reconciliations between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
(Loss)/Profit before tax	<u>(491,539)</u>	<u>2,061,646</u>	<u>(13,509,423)</u>	<u>(160,050)</u>
Tax at Malaysian statutory rate of 24% (2021: 24%)	(117,969)	523,983	(3,242,262)	(38,412)
Tax effect in respect of:-				
Non-taxable expenses	945,296	463,365	3,243,956	35,880
Non-taxable income	(173,799)	(387,450)	(10,574)	(63,903)
Fair value movements on investment properties	-	18,000	-	18,000
Movement of deferred tax assets not recognised	551,280	926,679	8,880	48,435
Under provision of income tax in prior finance year	543,098	85,779	101,162	-
Total tax expense	<u>1,747,906</u>	<u>1,630,356</u>	<u>101,162</u>	<u>-</u>

27. EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

	Group	
	<u>2022</u>	<u>2021</u>
(Loss)/Profit for the year attributable to the ordinary equity holders of the Company (RM)	<u>(1,780,559)</u>	<u>656,751</u>
Weighted average number of ordinary shares for basic earnings per share (adjusted for treasury shares) (units)	<u>719,300,000</u>	<u>720,000,000</u>
Basic earnings per share (sen)	<u>(0.25)</u>	<u>0.09</u>

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding during the financial year.

28. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Staff costs				
Salaries, wages and other emoluments	16,687,664	16,446,949	780,238	818,680
Defined contribution plan	<u>1,692,378</u>	<u>1,707,635</u>	<u>91,010</u>	<u>99,758</u>
	<u>18,380,042</u>	<u>18,154,584</u>	<u>871,248</u>	<u>918,438</u>
Executive Directors				
Salaries and other emoluments	905,801	1,015,804	130,052	155,938
Defined contribution plan	<u>79,158</u>	<u>93,563</u>	<u>15,432</u>	<u>19,583</u>
	<u>984,959</u>	<u>1,109,367</u>	<u>145,484</u>	<u>175,521</u>
Non-executive Directors				
Other emoluments	<u>25,562</u>	<u>26,950</u>	<u>25,562</u>	<u>26,950</u>
Total Directors' remuneration	<u>1,010,521</u>	<u>1,136,317</u>	<u>171,046</u>	<u>202,471</u>
Total employees benefits expenses	<u>19,390,563</u>	<u>19,290,901</u>	<u>1,042,294</u>	<u>1,120,909</u>

The estimated monetary value of benefit-in-kind received by Directors otherwise than in cash from the Group and the Company amounted to RM51,583 and RM14,308 (2021: RM54,750 and RM16,100) respectively.

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29. RELATED PARTIES DISCLOSURES

Related party transactions

The significant related party transactions of the Group and of the Company are as follows:-

	<u>2022</u>	<u>2021</u>
	RM	RM
Group		
Related parties:		
Sales to	-	(140)
Rental expenses	45,600	32,400
Information and communication technologies shared services income	(2,900)	-
Trademark royalty expenses charged by	260,430	249,673
	<hr/>	<hr/>
Associates:		
Sales to	(1,458,230)	(1,272,756)
Purchase from	128	-
Commission charged by	19,001	10,928
Human resources sharing fees charged to	(56,112)	(64,224)
Rental income	(169,956)	(169,956)
Information and communication technologies shared services income	(32,835)	(35,140)
Research and development expenses	311,216	266,822
Rental of expenses	-	45,600
Management fees charged by	319,539	339,226
Consultancy fees	93,315	77,088
Printing and stationary fees charged to	(100)	-
	<hr/>	<hr/>
Director:		
Consultancy fees	-	79,916
	<hr/>	<hr/>
Directors of a subsidiary:		
Consultancy fees	-	10,803
	<hr/>	<hr/>
Company		
Subsidiaries:		
Advances to	(5,017)	(6,530)
Information and communication technologies shared services charged by	49,968	44,205
Interest income	(68,412)	(936)
Management fees income	(1,423,094)	(1,423,094)
Purchases from	18,857	-
Rental expenses	104,880	104,880
Upkeep of building expenses	203	-
	<hr/>	<hr/>
Associate:		
Human resources sharing fees charged to	(36,000)	(36,000)
	<hr/>	<hr/>

29. RELATED PARTIES DISCLOSURES (CONT'D)

Related party balances

Outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 10, 13, 20 and 21 to the financial statements.

Compensation of key management personnel

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

The remuneration of key management personnel is same as the Directors' remuneration are disclosed in Note 25 and 28 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

30. LEASE ARRANGEMENTS

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Within one year	350,069	531,856	120,000	120,000
Between two to five years	73,800	414,571	50,000	170,000
	<u>423,869</u>	<u>946,427</u>	<u>170,000</u>	<u>290,000</u>

31. CAPITAL COMMITMENTS

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Authorised and contracted for:		
Purchase of property, plant and equipment	<u>366,730</u>	<u>56,361</u>

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32. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

Manufacturing: Manufacturing, trading and packaging of foodstuffs, beverages, household and personal care products.

Marketing and trading: Sales and distribution of health care, consumer products, food ingredients, coffee and other related beverage products.

Others: Investment holding and operation of food and beverage outlets.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

32. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Marketing and trading RM	Others RM	Adjustments and eliminations RM	Consolidated RM
2022						
Revenue						
External revenue		16,054,587	60,671,550	421,430	-	77,147,567
Inter-segment revenue	(a)	15,406,739	779,401	1,761,579	(17,947,719)	-
Total revenue		31,461,326	61,450,951	2,183,009	(17,947,719)	77,147,567
Results						
Finance income		(135,415)	(188,323)	(113,556)	68,412	(368,882)
Depreciation and amortisation		1,169,886	1,742,104	57,338	-	2,969,328
Finance costs		31,849	124,862	-	(68,412)	88,299
Other non-cash income/(expenses)	(b)	1,525,396	1,521,671	13,333,068	(12,788,173)	3,591,962
Taxation		40,177	1,606,567	101,162	-	1,747,906
Share of losses in associate companies		-	-	(1,018,225)	-	(1,018,225)
Segment result	(c)	(3,472,283)	2,317,717	(13,923,265)	13,576,028	(1,501,803)
Segment assets						
Additions to non-current assets	(d)	783,758	2,804,725	7,720	-	3,596,203
Segment assets	(e)	27,092,113	53,319,017	78,711,011	(73,299,361)	85,822,780
Segment liabilities						
	(f)	8,107,787	15,839,500	221,808	(9,833,895)	14,335,200

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32. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Marketing and trading RM	Others RM	Adjustments and eliminations RM	Consolidated RM
2021						
Revenue						
External revenue		12,228,013	61,591,651	312,815	-	74,132,479
Inter-segment revenue	(a)	13,792,338	11,276	1,720,088	(15,523,702)	-
Total revenue		26,020,351	61,602,928	2,032,902	(15,523,702)	74,132,479
Results						
Finance income		(73,852)	(127,580)	(67,701)	936	(268,197)
Depreciation and amortisation		1,135,139	1,794,367	160,076	-	3,089,582
Finance costs		74,663	53,934	2,461	(936)	130,122
Other non-cash income/(expenses)	(b)	3,207,440	751,130	(379,793)	(3,232,398)	346,379
Taxation		-	1,157,349	-	473,007	1,630,356
Share of losses in associate companies		-	-	(318,741)	-	(318,741)
Segment result	(c)	(7,372,996)	3,641,529	(395,891)	4,739,314	611,956
Segment assets						
Additions to non-current assets	(d)	3,159,588	1,165,306	2,065	-	4,326,959
Segment assets	(e)	31,368,929	50,799,769	95,768,851	(89,469,847)	88,467,702
Segment liabilities	(f)	9,535,475	15,814,499	3,433,018	(13,696,578)	15,086,414

32. SEGMENT INFORMATION (CONT'D)

(a) Inter-segment revenue is eliminated on consolidation.
Inter-segment assets and liabilities are eliminated on consolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Bad debts written off	112,178	279,087
Expired lease liabilities	-	(2,090)
Expired right-of-use assets	-	2,082
Fair value changes on investment properties	-	(84,922)
Loss allowance on receivables	1,251,954	301,062
Inventories written off	191,136	150,540
Inventories written down	965,388	685,401
Intangible assets written off	1	146
Property, plant and equipment written off	39,192	155,755
Reversal of loss allowance on receivables	(49,271)	(563,152)
Reversal of inventories written down	(669,401)	(585,446)
Reversal of inventories written off	(1,481)	-
Impairment loss on intangible assets	239,599	-
Impairment loss on property, plant and equipment	87,190	-
Fair value changes on other investments	1,650,777	(41,043)
Share of loss of equity-accounted associates	1,018,255	318,741
Reversal of impairment loss on associates	(1,018,225)	(324,426)
Unrealised (gain)/loss on foreign exchange	(225,300)	54,644
	<u>3,591,962</u>	<u>346,379</u>

(c) The following items are added to/(deducted from) segment (loss)/profit before taxation to arrive at (loss)/profit before taxation presented in the consolidated statements of comprehensive income:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Segment (loss)/profit	(1,501,803)	611,956
Finance income	368,882	268,197
Finance costs	(88,299)	(130,122)
Share of loss of equity-accounted associates	(1,018,225)	(318,741)
(Loss)/Profit after tax	<u>(2,239,445)</u>	<u>431,290</u>

(d) Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Property, plant and equipment	1,563,010	1,454,600
Intangible assets	33,193	277,281
Investment properties	-	2,595,078
Other investments	2,000,000	-
	<u>3,596,203</u>	<u>4,326,959</u>

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32. SEGMENT INFORMATION (CONT'D)

- (e) The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:-

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Segment assets	85,822,780	88,467,702
Intangible assets	856,409	1,377,895
Deferred tax assets	-	78,002
Tax recoverable	-	119,531
	<hr/>	<hr/>
Total assets	<u>86,679,189</u>	<u>90,043,130</u>

- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
Segment liabilities	14,335,200	15,086,414
Lease liabilities	2,107,152	2,283,967
Tax payable	165,482	39,588
	<hr/>	<hr/>
Total liabilities	<u>16,607,834</u>	<u>17,409,969</u>

- (g) Geographical information

Revenue information based on the geographical location of customers is as follows:

	Group	
	<u>2022</u>	<u>2021</u>
	RM	RM
China	40,413	161,619
Hong Kong	405,353	362,688
Indonesia	1,522,499	1,377,468
Malaysia	70,548,019	67,877,313
Singapore	3,135,111	2,792,258
Taiwan	116,969	170,567
Thailand	357,446	323,717
United States of America	495,897	590,115
Others	525,860	476,734
	<hr/>	<hr/>
	<u>77,147,567</u>	<u>74,132,479</u>

As at the reporting date, there is no single external customer accounting for 10 per cent or more of the Group's revenue.

32. SEGMENT INFORMATION (CONT'D)

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical location.

	<u>Malaysia</u> RM	<u>Singapore</u> RM	<u>Taiwan</u> RM	<u>Consolidated</u> RM
2022				
Property, plant and equipment	29,078,444	359,551	-	29,437,995
Investment properties	5,104,000	-	-	5,104,000
Intangible assets	856,409	-	-	856,409
Total non-current assets (excluding financial instruments and deferred tax assets)	<u>35,038,853</u>	<u>359,551</u>	<u>-</u>	<u>35,398,404</u>
2021				
Property, plant and equipment	29,733,723	535,051	377,045	30,645,819
Investment properties	5,104,000	-	-	5,104,000
Intangible assets	1,090,859	-	287,036	1,377,895
Total non-current assets (excluding financial instruments and deferred tax assets)	<u>35,928,582</u>	<u>535,051</u>	<u>664,081</u>	<u>37,127,714</u>

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised financial assets and financial liabilities measured as follows:-

- (a) Fair value through profit or loss designated upon initial recognition ("FVTPL"); and
- (b) Amortised cost ("AC").

	<u>FVTPL</u> RM	<u>AC</u> RM
Group		
<u>2022</u>		
Financial assets		
Trade receivables	-	7,371,135
Other receivables	-	3,551,877
Other investments	12,625,967	-
Cash and bank balances and deposits	-	13,018,097
	<u>12,625,967</u>	<u>23,941,109</u>
Financial liabilities		
Trade payables	-	4,237,814
Other payables	-	9,964,342
	<u>-</u>	<u>14,202,156</u>
<u>2021</u>		
Financial assets		
Trade receivables	-	7,669,359
Other receivables	-	3,524,986
Other investments	13,011,569	3,450,000
Cash and bank balances and deposits	-	10,266,612
	<u>13,011,569</u>	<u>24,910,957</u>

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33. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised financial assets and financial liabilities measured as follows (cont'd):-

- (a) Fair value through profit or loss designated upon initial recognition ("FVTPL"); and
 (b) Amortised cost ("AC").

	<u>FVTPL</u> RM	<u>AC</u> RM
Group		
<u>2021</u>		
Financial liabilities		
Trade payables	-	3,975,839
Other payables	-	11,110,575
	<hr/>	<hr/>
	-	15,086,414
	<hr/>	<hr/>
Company		
<u>2022</u>		
Financial assets		
Trade receivables	-	98,219
Other receivables	-	6,824
Other investments	4,485,853	-
Cash and bank balances and deposits	-	2,542,784
	<hr/>	<hr/>
	4,485,853	2,647,827
	<hr/>	<hr/>
Financial liability		
Other payables	-	163,113
	<hr/>	<hr/>
<u>2021</u>		
Financial assets		
Trade receivables	-	985,226
Other receivables	-	2,784,432
Other investments	3,455,448	-
Cash and bank balances and deposits	-	842,834
	<hr/>	<hr/>
	3,455,448	4,612,492
	<hr/>	<hr/>
Financial liability		
Other payables	-	219,894
	<hr/>	<hr/>

Financial Risk Management

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk, market risks, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management policy focused on identifying and managing the financial risks and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk refers to the risk that a counter party will default in its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopt the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group and the Company adopt the policy of dealing with reputable institutions.

Trade receivables and other receivables

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Trade receivables	7,371,135	7,669,359	98,219	985,226
Other receivables	3,551,877	3,524,986	6,824	2,784,432
Other investments	-	3,450,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	<u>10,923,012</u>	<u>14,644,345</u>	<u>105,043</u>	<u>3,769,658</u>

Credit risk concentration

The Group and the Company are not exposed to any significant credit risk exposure to any single counterparty other than the following:

	Group			
	<u>2022</u>		<u>2021</u>	
	RM	%	RM	%
Trade Receivables				
Malaysia				
Top 1 customer (2021: 1)	<u>3,679,463</u>	<u>41</u>	<u>3,016,048</u>	<u>37</u>
	<hr/>	<hr/>	<hr/>	<hr/>
	Company			
	<u>2022</u>		<u>2021</u>	
	RM	%	RM	%
Trade Receivables				
Malaysia				
Top 1 customer (2021: 1)	<u>57,970</u>	<u>49</u>	<u>722,545</u>	<u>73</u>
	<hr/>	<hr/>	<hr/>	<hr/>

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33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Trade receivables and other receivables (cont'd)

Credit risk concentration (cont'd)

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

Recognition and measurement of impairment loss

The Group and the Company apply the MFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for trade receivables. The Group and the Company assess impairment of trade receivables on individual and collective basis.

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern i.e. customer type.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle. The Group and the Company have identified the gross domestic product ("GDP") as the most relevant factors. Nevertheless, as at reporting date, the GDP has no significant impact in the ECL calculation. The Group and the Company have assessed that all their trade receivables as creditworthy customers with good payment records and loss incurred infrequently. Thus, no expected credit loss is required.

Assessment of individual trade receivables is determined to be credit impaired at the reporting date for those in significant financial difficulties and/or defaulted on payments. However for certain subsidiary companies, it is based on those more than 180 days past due and are either in significant financial difficulties and/or have defaulted on payments.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Trade receivables and other receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's and the Company's trade receivables which is grouped together as they are expected to have similar risk nature:

	Current	Days past due				Total
		1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	
	RM	RM	RM	RM	RM	RM
Group						
2022						
Trade receivables	2,355,182	2,131,781	200,163	90,866	4,236,806	9,014,798
Individually impaired	-	-	(112,865)	(28,812)	(1,499,325)	(1,641,002)
Collectively impaired	-	-	-	-	(2,661)	(2,661)
Net balance	2,355,182	2,131,781	(87,298)	62,054	2,734,820	7,371,135
2021						
Trade receivables	4,459,050	253,150	667,751	353,512	2,339,254	8,072,717
Individually impaired	(9,322)	-	-	-	(380,084)	(389,406)
Collectively impaired	-	-	-	-	(13,952)	(13,952)
Net balance	4,449,728	253,150	667,751	353,512	1,945,218	7,669,359
Company						
2022						
Trade receivables	39,355	31,040	-	2,118	44,059	116,572
Individually impaired	-	-	-	-	(18,353)	(18,353)
Net balance	39,355	31,040	-	2,118	25,706	98,219
2021						
Trade receivables/Net balance	155,096	-	37,971	37,966	754,193	985,226

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33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Trade receivables and other receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Other receivables

The Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group and the Company consider a financial asset is in default when contractual payments are 90 days past due.

For advances to subsidiaries and related companies whose credit terms is repayable on demand, this is considered credit impaired when the subsidiaries and related companies are unlikely to repay their advances to the Company in full given insufficient highly liquid resources when the advances are demanded.

Cash and bank balances and deposits

Deposits with banks and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. Therefore, credit risk is negligible.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from payables and lease liabilities.

The Group and the Company practice prudent risk management by maintaining sufficient cash and cash equivalents and banking facilities deemed adequate by management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

33. FINANCIAL INSTRUMENTS (CONT'D)**Financial Risk Management (cont'd)****(b) Liquidity risk (cont'd)**

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period:-

	<u>Within 1 year</u>	<u>2 to 5 years</u>	<u>Total</u>
	RM	RM	RM
Group			
<u>2022</u>			
Non-derivative financial liabilities			
Unsecured			
Trade payables	4,237,814	-	4,237,814
Other payables	9,964,342	-	9,964,342
Lease liabilities	1,120,727	1,122,443	2,243,170
<hr/>			
<u>2021</u>			
Non-derivative financial liabilities			
Unsecured			
Trade payables	3,975,839	-	3,975,839
Other payables	11,110,575	-	11,110,575
Lease liabilities	1,164,996	1,253,018	2,418,014
<hr/>			
Company			
<u>2022</u>			
Non-derivative financial liability			
Unsecured			
Other payables	163,113	-	163,113
<hr/>			
<u>2021</u>			
Non-derivative financial liability			
Unsecured			
Other payables	219,894	-	219,894
<hr/>			

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

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33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group and the Company are exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily United States Dollar ["USD"], Singapore Dollar ["SGD"], Thai Baht ["THB"] and Brunei Dollar ["BND"].

	<u>USD</u>	<u>SGD</u>	<u>THB</u>	<u>BND</u>
	RM	RM	RM	RM
Group				
2022				
Trade receivables	940,983	18,353	-	-
Other receivables	36,958	187,757	149,210	-
Cash and bank balances and deposits	341,861	-	-	305,155
Trade payables	(1,566,560)	-	-	-
Other payables	(87,800)	-	-	-
Net exposure	<u>(334,558)</u>	<u>206,110</u>	<u>149,210</u>	<u>305,155</u>
2021				
Trade receivables	1,223,941	-	-	-
Other receivables	35,064	-	146,254	-
Cash and bank balances and deposits	398,078	1,157	-	293,202
Trade payables	(1,318,205)	-	-	-
Other payables	(20,825)	-	-	-
Net exposure	<u>318,053</u>	<u>1,157</u>	<u>146,254</u>	<u>293,202</u>
Company				
2022				
Trade receivables	15,542	34,755	-	-
Other receivables	36,958	188,262	-	-
Net exposure	<u>52,500</u>	<u>223,017</u>	<u>-</u>	<u>-</u>
2021				
Trade receivables	-	24,797	-	-
Other receivables	35,064	70,866	-	-
Net exposure	<u>35,064</u>	<u>95,663</u>	<u>-</u>	<u>-</u>

Certain of the other foreign currencies are not presented as the amounts are not material.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

(c) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit and equity with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/SGD exchange rate, RM/THB exchange rate and RM/BND exchange rate assuming all other things being equal.

If the RM had strengthened/weakened against the USD, SGD, THB, and BND, then the impact would be as follows:-

	Effect on profit/equity for the years		Effect on profit/equity for the years	
	Increase/(Decrease)		Increase/(Decrease)	
	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
<u>RM/USD</u>				
- Strengthened 2% (2021: 1%)	(6,691)	3,181	1,050	351
- Weakened 2% (2021: 1%)	6,691	(3,181)	(1,050)	(351)
<u>RM/SGD</u>				
- Strengthened 1% (2021: 1%)	2,061	12	2,230	957
- Weakened 1% (2021: 1%)	(2,061)	(12)	(2,230)	(957)
<u>RM/THB</u>				
- Strengthened 1% (2021: 1%)	1,492	1,462	-	-
- Weakened 1% (2021: 1%)	(1,492)	(1,462)	-	-
<u>RM/BND</u>				
- Strengthened 1% (2021: 1%)	3,052	2,932	-	-
- Weakened 1% (2021: 1%)	(3,052)	(2,932)	-	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposure to currency risk.

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33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market price of money market funds and unquoted shares held by the Group and the Company.

The Group and the Company are exposed to the changes in the net asset value of the financial instruments.

As at the reporting date, if the net asset value per unit increase by 5% (2021: 5%), profit and equity of the Group and the Company will increase by RM631,298 and RM224,293 (2021: RM650,578 and RM172,772) respectively. A 5% (2021: 5%) weakening in the share price of each counter would have equal but opposite effect on the Group's and on the Company's profit/equity for the financial year.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate of changes in market interest rate.

The Group and the Company monitor interest rate risk on an on-going basis and the Group and the Company endeavour to keep the exposures at an acceptable level.

The Group is exposed to interest rate risk from deposits with licensed banks and lease liabilities and the Company is exposed to interest rate risk from deposits with licensed banks.

The Group and the Company do not expect any material impact on the Group's and the Company's profit or loss arising from the effects of reasonable possible changes to interest rates as the deposits with licensed banks and lease liabilities are of fixed interest rates.

Fair value on financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the reporting date approximate their fair values due to their short-term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (cont'd)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM	RM	RM	RM
Group				
2022				
Financial assets				
Non-derivative financial assets at FVTPL				
Unquoted shares	-	-	142,973	142,973
Redeemable convertible preference shares	-	-	2,000,000	2,000,000
Investment in money market funds	10,482,994	-	-	10,482,994
<hr/>				
2021				
Financial assets				
Non-derivative financial assets at FVTPL				
Unquoted shares	-	-	500,001	500,001
Investment in money market funds	12,511,568	-	-	12,511,568
<hr/>				
Company				
2022				
Financial assets				
Non-derivative financial assets at FVTPL				
Unquoted shares	-	-	1	1
Investment in money market funds	4,485,852	-	-	4,485,852
<hr/>				
2021				
Financial assets				
Non-derivative financial assets at FVTPL				
Unquoted shares	-	-	1	1
Investment in money market funds	3,455,447	-	-	3,455,447
<hr/>				

There was no transfer between Level 1, 2 and 3 in 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. CAPITAL RISK MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group and the Company's ability to continue as a going concern.

The Group and the Company monitor capital using net debt-to-equity ratio which is the debt divided by total capital.

The net debt-to-equity ratio at end of the reporting period are as follows:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM	RM	RM	RM
Lease liabilities	2,107,152	2,283,967	-	-
Less: Cash and cash equivalents	<u>(13,018,097)</u>	<u>(10,266,612)</u>	<u>(2,542,784)</u>	<u>(842,834)</u>
Total debts	(10,910,945)	(7,982,645)	(2,542,784)	(842,834)
Total equity attributable to the owners of the Company	<u>69,295,959</u>	<u>71,382,316</u>	<u>77,946,581</u>	<u>91,598,432</u>
Debt-to-equity ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A: Not applicable

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

The Group and the Company are not subject to any externally imposed capital requirements.

35. SIGNIFICANT EVENT

An ex-director of the Company has made a representation against the Company on constructive dismissal to Industrial Court of Malaysia. The case is now pending for case management which is fixed on 17 April 2023 at Industrial Court (6), however, the date of trial has not been fixed yet.

36. COMPARATIVE INFORMATION

The comparative information was audited by another firm of Chartered Accountants other than Grant Thornton Malaysia PLT. Certain comparative figures were reclassified to conform with current year's presentation.

	As previously <u>reported</u> RM	As <u>reclassified</u> RM
Group		
<u>Statements of financial position</u>		
Non current assets		
Property, plant and equipment	31,977,549	30,645,819
Current assets		
Investments in preference shares	3,450,000	-
Short term funds	12,511,568	-
Other investments	-	15,961,568
Other receivables	2,647,150	3,978,880
<u>Statements of profit or loss and other comprehensive income</u>		
Other income	3,013,351	1,678,170
Distribution expenses	(28,293,538)	(28,293,539)
Administration expenses	(13,630,752)	(13,259,807)
Other expenses	(1,468,130)	(1,358,605)
Finance income	-	268,197
Reversal of impairment loss on non-financial assets	-	324,426
Reversal of impairment loss on financial assets	-	262,090
<u>Statements of cash flows</u>		
OPERATING ACTIVITIES		
Reversal of fair value adjustment on trade receivables	(118,214)	-
Intrinsic interest income	(36,753)	-
Fair value adjustment on deferred trade receivables	123,968	-
Dividend income from short term funds	(190,581)	-
Interest income	(46,617)	(268,197)
Fair value adjustment on investment in preference shares	(142,135)	-
Fair value changes on short term funds	101,092	-
Fair value changes on other investments	-	(41,043)
Short term leases	1,009,651	-
Changes in working capital:		
Inventories	(1,860,662)	(925,393)
Receivables	3,751,247	2,557,871
Payables	1,237,127	1,612,118
Interest paid	(130,122)	(1,024)
Short term leases paid	(1,009,651)	-
INVESTING ACTIVITIES		
Proceeds from disposal of other investments	8,171,038	6,518,943
Purchase of other investments	(11,536,092)	(9,883,997)
Advances to related parties	-	(145,282)
Repayments from an associate	-	124,026
FINANCING ACTIVITIES		
Repayments to related parties	-	(53,021)
Interest paid	-	(129,098)
Advances from an associate	-	57,393
Repayments to a Director	-	(100,000)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

36. COMPARATIVE INFORMATION (CONT'D)

The comparative information was audited by another firm of Chartered Accountants other than Grant Thornton Malaysia PLT. Certain comparative figures were reclassified to conform with current year's presentation (cont'd).

	As previously <u>reported</u> RM	As <u>reclassified</u> RM
Company		
<u>Statements of profit or loss and other comprehensive income</u>		
Other income	424,001	218,188
Administration expenses	(1,934,645)	(1,877,509)
Reversal of impairment loss on financial assets	-	84,214
Finance income	-	64,463
<u>Statements of cash flows</u>		
OPERATING ACTIVITIES		
Interest income	(6,386)	(64,463)
Short term leases	104,880	-
Changes in working capital:		
Receivables	(89,379)	(61,192)
Interest received	6,386	5,450
Short term leases paid	(104,880)	-
INVESTING ACTIVITIES		
Dividend received from short term funds	58,077	-
Interest received	-	59,013
Repayments from subsidiaries	319,024	290,837

LIST OF PROPERTIES

The properties held by the Group and the Company as at 31 December 2022 are as follows:

Location / Postal address	Description / existing use	Land area / built-up area (sq. feet)	Land Tenure (expiry date)	Approximate age (year)	Audited net book value as at 31.12.2022 (RM'000)	Date of Acquisition/ last revaluation
<p>Geran 215137 Lot 61741, Bandar Glenmarie, Daerah Petaling, Negeri Selangor</p> <p>Wisma CNI, No. 2, Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan</p>	Commercial Buildings / Office cum factory	175,592 / 197,421	Freehold	26	17,866	1 Apr 1994 / -
<p>Country Lease, No. 015636807, District of Kota Kinabalu, Locality of Kuala Menggatal, State of Sabah</p> <p>Lot No. 144 (DBKK No. Q-6), Block Q, Alamesra Plaza Permai, Lorong Plaza Permai 1, Sulaman Coastal Highway, 88450 Kota Kinabalu, Sabah</p>	3-storey shop cum office (corner) / Renting out to third parties	2,273 / 6,504	Leasehold – 99 years (31 Dec 2098)	16	1,980	19 Jun 2008 / 24 Dec 2019
<p>HSD 28228 PT 9114 Mukim and Daerah of Sepang, State of Selangor (Parcel No. 1B-080 Type: Travelers Palm Upper 1, Storey No. Level 2 (First Floor), Building No. L06, The Golden Palm Tree Water Villas</p> <p>Villa No. 080 Golden Palm Tree Water Villas, No. 67 Jalan Pantai Bagan Lalang, Kg Bagan Lalang, 43950 Sungai Pelek, Selangor Darul Ehsan</p>	2-storey water villas (first floor) / Renting out to third parties	- / 570	Leasehold – 90 years (1 st May 2107)	12	624	15 Mar 2017 / -
<p>Geran 335021 Lot 119166 Mukim Dengkil Daerah Sepang, Negeri Selangor</p> <p>Unit C-03-08 Tamarind Square, Persiaran Multimedia, 63000 Cyberjaya, Selangor Darul Ehsan</p>	Semi-detached shop / office / Vacant	- / 3,826	Freehold	4	2,500	4 Mar 2021 / 11 Jan 2023

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”):

1. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year.

2. Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable by the Company and the Group to the external auditors or a firm or corporation affiliated to the auditors’ firm for the financial year ended 31 December 2022 are as follows:

	Company (RM)	Group (RM)
Audit fees	55,000	240,061
Non-audit fees	0	0

3. Material Contracts

Save as those described in Note 29 to the Audited Financial Statements on pages 114 to 115 of this Annual Report, there were no material contracts entered into by the Company and its subsidiaries involving the interests of directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 25 May 2022, the Company obtained a mandate from its shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The details of the recurrent related party transactions conducted during the financial year ended 31 December 2022 pursuant to the said shareholders’ mandate are disclosed as follows:

Transacting Party	Company within CNI Group	Interested Related Parties	Amount transacted during the financial year RM'000	Nature of transactions
CNI Corporation Sdn Bhd (CNI Corp)	CNI Enterprise (M) Sdn Bhd (CNIE)	Dato’ Koh Peng Chor Koh How Loon Chew Boon Swee	320	Provision of management services to CNIE
	CNIE		290	Purchase of health care and consumer products
	Exclusive Mark (M) Sdn Bhd (EM)		1,118	Purchase of beverages and supplements from EM
CNI Venture Sdn Bhd	EM	Dato’ Koh Peng Chor Koh How Loon Chew Boon Swee	213	Provision of research, development and testing services to EM
CNI IPHC	CNIE	Dato’ Koh Peng Chor Chew Boon Swee	260	Payment of trademark fee by CNIE

ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

Issued Share Capital : RM 72,000,000 comprising 720,000,000 Ordinary Shares
 Class of Shares : Ordinary shares
 Voting Rights : 1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Shareholders				No. of Issued Shares			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	355	3.67	5	0.05	10,445	(1)	190	(1)
100 - 1,000	3,589	37.13	267	2.76	1,875,564	0.26	157,540	0.02
1,001 – 10,000	3,395	35.13	102	1.06	11,406,283	1.58	261,160	0.04
10,001 – 100,000	1,519	15.72	11	0.11	57,502,437	8.00	341,300	0.05
100,001 – 35,999,999 (*)	415	4.29	6	0.07	279,043,426	38.80	5,075,532	0.70
36,000,000 and above (**)	1	0.01	0	0.00	363,526,123	50.54	0	0.00
Total	9,274	95.95	391	4.05	713,364,278	99.19⁽²⁾	5,835,722	0.81⁽²⁾

Notes:

(*) Less than 5% of issued shares

(**) 5% and above of issued shares

(1) Less than 0.01%

(2) Excluding a total of 800,000 Citra Nusa Holdings Berhad (“CNH”) shares bought-back by CNH and retained as treasury shares as at 3 April 2023.

DIRECTORS’ INTERESTS IN SHARES BASED ON THE REGISTER OF DIRECTORS’ SHAREHOLDINGS

Name of Directors	Direct Interests		Deemed Interests	
	No. of Issued Shares	% of Issued Shares ⁽⁵⁾	No. of Issued Shares	% of Issued Shares ⁽⁴⁾
Dato’ Koh Peng Chor	5,028,680	0.70	373,983,483 ⁽¹⁾	52.00
Koh How Loon	1,679,180	0.23	370,671,643 ⁽²⁾	51.54
Chew Boon Swee	1,128,614	0.16	6,534,120 ⁽³⁾	0.91
Lim Lean Eng	-	-	62,520 ⁽³⁾	0.01
Carolyn Anne Kam Foong Kheng	-	-	-	-

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his spouse and children.

(2) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.

(3) Disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his spouse or parent.

(4) Excluding a total of 800,000 CNH shares bought-back by CNH and retained as treasury shares as at 3 April 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Deemed Interests	
	No. of Issued Shares	% of Issued Shares ⁽⁴⁾	No. of Issued Shares	% of Issued Shares ⁽⁴⁾
Marvellous Heights Sdn Bhd	363,526,123	50.55	-	-
PC Marketing Sdn Bhd	7,145,520	0.99	363,526,123 ⁽¹⁾	50.55
Dato' Koh Peng Chor	5,028,680	0.70	373,983,483 ⁽²⁾	52.00
Datin Chuah Tek Lan	1,167,200	0.16	377,844,963 ⁽²⁾	52.54
Koh How Loon	1,679,180	0.23	370,671,643 ⁽³⁾	51.54

Notes:

- (1) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of its shareholdings in Marvellous Heights Sdn Bhd.
- (2) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his/her shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his/her spouse and children.
- (3) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.
- (4) Excluding a total of 800,000 CNH shares bought-back by CNH and retained as treasury shares as at 3 April 2023.

TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Issued Shares	% of Issued Shares⁽¹⁾
1.	Marvellous Heights Sdn Bhd	363,526,123	50.55
2.	Wong Siew Fong	27,140,980	3.77
3.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	16,071,000	2.23
4.	Ong Teck Seng	12,000,000	1.67
5.	Toh Siew Kee	8,221,954	1.14
6.	Tan Yuan Fang	7,896,090	1.10
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For PC Marketing Sdn Bhd	6,760,920	0.94
8.	Moy Mee Leng	6,334,120	0.88
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Geok Wah	5,915,500	0.82
10.	CIMSEC Nominees (Tempatan) Sdn Bhdd CIMB For Koh Peng Chor	5,028,680	0.70
11.	Maybank Nominees (Tempatan) Sdn Bhd Chan Sook Cheng	4,707,100	0.65
12.	Chan Mung Bong	4,043,100	0.56
13.	Dev Shanan	3,695,700	0.51
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap	3,620,000	0.50
15.	Tee Yen Chong	3,482,400	0.48
16.	Tang Chin Chuai	3,183,260	0.44
17.	Suharman Subianto	3,102,532	0.43
18.	Toh Eng Keat	2,630,300	0.37
19.	Lee Boon Hoe	2,473,100	0.343
20.	Cheong Chee Kee	2,463,666	0.34
21.	Koh Tiah Siew	2,295,857	0.32
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Beh Hang Kong	2,179,472	0.30
23.	Chooi Heng Yuen	2,000,000	0.28
24.	Chew Ting Long	1,900,000	0.26
25.	Lim Kim Suan	1,810,600	0.25
26.	SCIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Koh How Loon	1,679,180	0.23
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Teck Seng	1,522,500	0.21
28.	Sim Kian Seng	1,500,100	0.21
29.	Loo Nic Kee	1,500,000	0.21
30.	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	1,500,000	0.21
	Total	510,184,234	70.90

Note:

(1) Excluding a total of 800,000 CNH shares bought-back by CNH and retained as treasury shares as at 3 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting (“AGM”) of Citra Nusa Holdings Berhad (“CNH” or “the Company”) will be held virtually from Diamond Hall, First Floor, Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan as the **Broadcast Venue on Thursday, 25 May 2023 at 11.00 a.m.** for the transaction of the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. Chew Boon Swee who retires by rotation in accordance with Articles 110 and 111 of the Company’s Constitution and who, being eligible, offers himself for re-election. **Resolution 1**
3. To note that Mr. Lim Lean Eng who retires by rotation in accordance with Articles 110 and 111 of the Company’s Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the AGM.
4. To re-elect Ms. Carolyn Anne Kam Foong Kheng who retires by rotation in accordance with Article 92.3 of the Company’s Constitution and who, being eligible, offers herself for re-election. **Resolution 2**
5. To approve the payment of Directors’ fees amounting to RM320,903 for the Non-Executive Directors in respect of the financial year ended 31 December 2022. **Resolution 3**
6. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM80,000 from 26 May 2023 until the next AGM of the Company. **Resolution 4**
7. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to determine their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

8. **AUTHORITY TO DIRECTORS TO ISSUE SHARES** **Resolution 6**
“THAT, subject always to the Companies Act, 2016, the Company’s Constitution and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby authorised pursuant to Section 75 and Section 76 of the Companies Act, 2016, to issue shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Resolution 7

“THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act, 2016 (“Act”), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant government and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.6 Part A of the Circular to Shareholders dated 28 April 2023, which are entered into in the ordinary course of business which are necessary for the day-to-day operations of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm’s length basis, and are not detrimental to the minority shareholders of the Company (Mandate);

THAT the Mandate is subject to annual renewal and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM the Mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate.”

10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Resolution 8

“THAT, subject to the provisions of the Companies Act, 2016, the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities, as the Directors may deem fit in the interests of the Company, provided that:

- (a) the aggregate number of shares to be purchased does not exceed 10% of the total number of issued shares for the time being of the Company;
- (b) the maximum funds to be allocated by the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable); and
- (c) the Directors of the Company be and are hereby authorise to retain the shares so purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to distribute the treasury shares as share dividends to shareholders or to resell the treasury shares;

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by ordinary resolution passed at the AGM the authority is renewed unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting of the Company,

whichever occur first;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the Proposed Renewal of Share Buy-Back Authority with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

- 11. To transact any other business of which due notice shall have been received in accordance with the Companies Act 2016 and the Company’s Constitution.

BY ORDER OF THE BOARD

CHIN YOKE KWAI

SSM PC No. 201908002010

MAICSA 7032000

Company Secretary

Shah Alam
28 April 2023

Notes:

1. Registration for Remote Participation and Voting (RPV) Facilities

- 1.1 The Company's virtual 34th AGM will be conducted online from the Broadcast Venue. Members can attend, participate and vote in the meeting remotely (online) via the website at <https://agm.citranusaholdings.com> by using the RPV facilities. At the Broadcast Venue, only the essential individuals are physically present to organise the virtual 34th AGM.
- 1.2 Registration for RPV is open from the date of the Notice of the 34th AGM on Friday, 28 April 2023 until **Wednesday, 24 May 2023**.
- 1.3 Member(s), proxy(ies) or corporate representative(s) are required to register as a user with <https://agm.citranusaholdings.com> first and then pre-register their attendance for the 34th AGM for verification of their eligibility to attend the 34th AGM using the RPV based on the General Meeting Record of Depositors as at **17 May 2023**.

2. Proxy

- 2.1 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.
- 2.2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holding to be represented by each proxy.
- 2.3 The instrument appointing a proxy shall be in writing under the hand of the Member or of his/her attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
- 2.4 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 34th AGM of the Company will be put to vote on a poll.
- 2.5 The Form of Proxy and/or documents relating to the appointment of proxy/corporate representative for the 34th AGM shall be deposited or submitted in hard copy in the following manner not later than **11.00 a.m. on Wednesday, 24 May 2023** in accordance with Article 90 of the Company's Constitution:
 - (a) By hand or post to the Company's registered office at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
 - (b) By fax at 03-5569 3308 or email to cnisec@cni.my
- 2.6 The detailed requirements and procedures for the submission of proxy forms are set out in the Administrative Guide.

EXPLANATORY NOTES

1. Audited Financial Statements for the financial year ended 31 December 2022

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, shall not be put for voting.

2. Ordinary Resolutions 1 and 2: Re-election of Directors

Mr. Chew Boon Swee who retires in accordance with Articles 110 and 111 of the Company's Constitution, is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 34th AGM.

Ms. Carolyn Anne Kam Foong Kheng was appointed as Independent Non-Executive Director of the Company on 25 May 2022. She who retires in accordance with Article 92.3 of the Company's Constitution, is standing for re-election as Director of the Company and being eligible, has offered herself for re-election at the 34th AGM.

The Directors standing for re-election have undergone a performance evaluation and have demonstrated that they remain committed to the role and continue to be an effective and valuable member of the Board.

3. Ordinary Resolution 3: Directors' fees for the Non-Executive Directors ("NEDs")

The Board subsequently approved the Nomination and Remuneration Committee ("NRC") recommendation for the Directors' fees in respect of the financial year ended 31 December 2022 to remain unchanged as they are still competitive and at par with the prevalent market rate.

NOTICE OF ANNUAL GENERAL MEETING

4. Ordinary Resolution 4: Benefits payable to the Non-Executive Directors (“NEDs”)

The total amount of benefits payable to the NEDs is estimated to be up to RM80,000 for the period from 26 May 2023 to the next AGM in 2024, taking into account various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of NEDs involved in these meetings, fixed allowance and other benefits for the NEDs.

5. Ordinary Resolution 5: Re-Appointment of Auditors

The Board and Audit Committee of the Company were satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the external auditors in carrying out their functions. Being satisfied with the external auditors’ performance, the Board recommends their re-appointment for shareholders’ approval.

6. Ordinary Resolution 6: Authority to Directors to Issue Shares

The proposed resolution, if passed, will give powers to the Directors to issue ordinary shares in the share capital of the Company and to provide the Company the flexibility to undertake any share issuance, including placement of shares for the purpose of funding current and/or future investments project, working capital and/or acquisition, as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis, without having to convene a general meeting. This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate obtained from the shareholders of the Company at the previous AGM held on 25 May 2022 had not been utilised and hence, no proceeds were raised therefrom.

7. Ordinary Resolution 7: Proposed Shareholders’ Mandate

The proposed resolution, if passed, will allow the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

8. Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority

The proposed resolution, if passed, will empower the Directors to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase its own shares of up to 10% of the total number of issued shares of the Company for the time being.

Based on the Audited Financial Statements of the Company as at 31 December 2022, the Company’s retained profits amounted to RM5,987,847.

Please refer to the Share Buy-Back Statement dated 28 April 2023 for further information.

9. Pursuant to Section 320 of the Companies Act 2016, the Notice of the Company’s 34th AGM is also available on the Company’s website at <https://www.citranusaholdings.com> under ‘AGM’ section throughout the period beginning from the date of notice until the conclusion of the 34th AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Further Details of Individuals Who are Standing for Election as Directors (Excluding Directors Standing for Re-election)

There is no individual seeking election as a Director at the Thirty-Fourth (34th) AGM of the Company.

ADMINISTRATIVE GUIDE FOR THE 34TH ANNUAL GENERAL MEETING

CITRA NUSA HOLDINGS BERHAD
Company No. 198901004452 (181758-A)

1. Virtual video conference 34th Annual General Meeting (“AGM”)

The 34th AGM of Citra Nusa Holdings Berhad (“the Company”) will be conducted virtually in accordance with the revised “Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers” issued by the Securities Commission Malaysia (“SC’s Guidance”) on 7 April 2022 as the country entered into the “Transition to Endemic” phase. In this respect, the Company will continue to leverage technology to ensure that the 34th AGM supports meaningful engagement between the Board/Management and Shareholders of the Company.

The date, time and venue for the 34th AGM of the Company are as below:

Date	Time	Venue
Thursday, 25 May 2023	11.00 a.m.	<p>a) Broadcast Venue Diamond Hall, 1st Floor, Wisma CNI, No. 2 Jalan Perunding U1/117, Hicom-Glenmarie Industrial Park, Seksyen U1 40150 Shah Alam, Selangor</p> <p>b) Online Platform website at https://agm.citranusaholdings.com Zoom Cloud Meeting App <i>(If you are using a smartphone to participate in the meeting, please download Zoom Cloud Meetings App from the Google Play Store or App Store before the meeting)</i></p>

The virtual 34th AGM will be conducted online from the Broadcast Venue, and shareholders will participate via the Remote Participation and Voting (“RPV”) facilities with audio and/or video capabilities. The Broadcast Venue is the main venue where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 together with essential individuals in accordance with Notes 1.2 of the SC’s Guidance. As such, no shareholder(s), proxy(ies) and authorised representative(s) will be physically present at the Broadcast Venue.

2. General Meeting Record of Depositors

For the purpose of determining the Shareholder who shall be entitled to attend the 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 73 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors (“ROD”) **as at 17 May 2023 (“General Meeting ROD”)**. Only a Shareholder whose name appears on the ROD as at 17 May 2023 shall be entitled to attend the AGM virtually or appoint proxies to attend and/or vote on his/her behalf.

3. Registration for RPV at the 34th AGM

With reference to our letter to shareholders dated 28 April 2023, you are invited to attend the 34th AGM to exercise your right to attend, participate and vote at the meeting remotely by using the RPV facilities at <https://agm.citranusaholdings.com> from the comfort of your home. To do so, you must take the following steps:

- (a) Register as a user
 - (i) Access the website at <https://agm.citranusaholdings.com>
 - (ii) Select “Registration” to sign up as a user.
 - (iii) Read and agree to the Terms & Conditions and confirm the Declaration.
 - (iv) Complete the registration by filling up the information required and upload a softcopy of your MyKad/ IC (front) or your Passport.
 - (v) Please enter a **valid email address** (which will be your user ID) and wait for the Company’s email verification.
 - (vi) Registration will be verified within one (1) working day and you will be notified via email. If you do not see the email in your inbox, please check your “junk mail” folder or “spam” folder.
 - (vii) Proceed to activate your account with the temporary password given in the same email and re-set your own password. You can click the link in the same email or login to <https://agm.citranusaholdings.com> to re-set your own password.

ADMINISTRATIVE GUIDE FOR THE 34TH ANNUAL GENERAL MEETING

(b) Verification and notification of your registration

- (i) After verification of your registration against the General Meeting ROD as at 17 May 2023, the Company will send an email on or after 24 May 2023 to confirm the approval of your registration for RPV. The procedures for attendance via RPV are detailed in the email and as set out in **Note 6** below.
- (ii) In the event your registration is not approved, you will be notified via email.

4. Proxy

(a) Appointment of Chairman of the meeting as proxy

If a shareholder is not able to attend the 34th AGM via RPV facilities, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy. The same must be deposited or submitted in accordance with Note 4(d) below.

(b) Appointment of proxy or corporate representative

- (i) A shareholder who has appointed a proxy(ies) or corporate representative(s) to participate at this 34th AGM via RPV must ensure that the Form of Proxy is completed with required information, signed and dated accordingly. The same must be deposited in accordance with Note 4(d) below.
- (ii) The shareholder must also request his/her proxy(ies) or authorised representative to register himself/herself as a user with the website at <https://agm.citranusaholdings.com> (refer to Note 3(a) above).

(c) Documents relating to appointment as corporate representative

For a corporate member who has appointed a representative to participate via RPV at the 34th AGM, please deposit the ORIGINAL certificate of appointment in accordance with Note 4(d) below.

(d) Cut-off date and time for lodgement of Form of Proxy

The Form of Proxy and/or documents relating to the appointment of proxy/corporate representative for the 34th AGM shall be deposited or submitted in hard copy in the following manner not later than **11.00 a.m. on Wednesday, 24 May 2023** in accordance with Article 90 of the Company's Constitution:

- (i) By hand or post to the Company's registered office at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
- (ii) By fax at 03-5569 3308 or email to cnisec@cni.my

5. Poll Voting

The voting at the 34th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- (a) The Company has appointed a Poll Administrator to conduct the poll by way of online voting. During the meeting, the Chairman will invite the Poll Administrator to brief you on the online voting process. The online voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the end of the voting session. This is in line with the SC's Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.
- (b) The Company has appointed an Independent Scrutineers to verify the poll results. Upon completion of the voting session for the 34th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

6. RPV on the date of the 34th AGM

With the approved registration for RPV, you have the right to join the meeting and vote remotely. Your login to the website at <https://agm.citranusaholdings.com> indicates your attendance at the virtual 34th AGM. The procedures for the RPV facilities are as summarised below:

(a) Login to <https://agm.citranusaholdings.com>

Login with your user ID (email address) and password for remote participation at the 34th AGM at any time from 10.30 a.m. i.e. 30 minutes before the commencement of 34th AGM at 11.00 a.m. on Thursday, 25 May 2023.

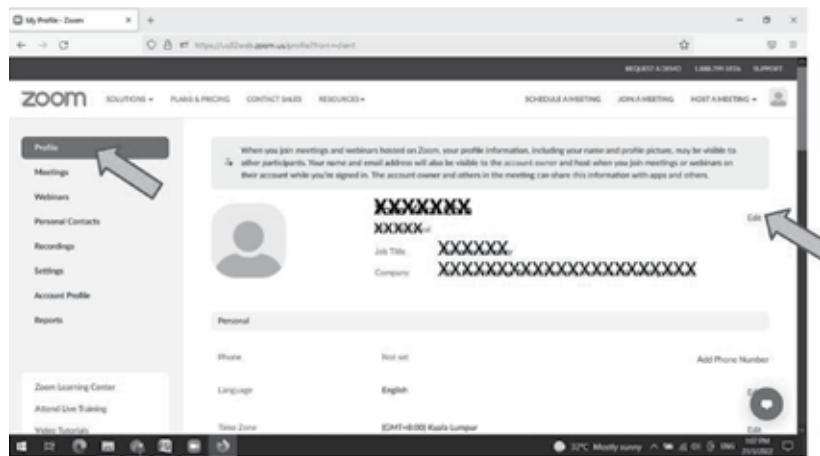
ADMINISTRATIVE GUIDE FOR THE 34TH ANNUAL GENERAL MEETING

We are using Zoom to conduct the meeting, please test your video feed, microphone and internet connection through zoom software (https://support.zoom.us/hc/en-us/categories/200101697-Getting-Started?mobile_site=true) before the meeting starts. It is also available in iPhone and Android phones.

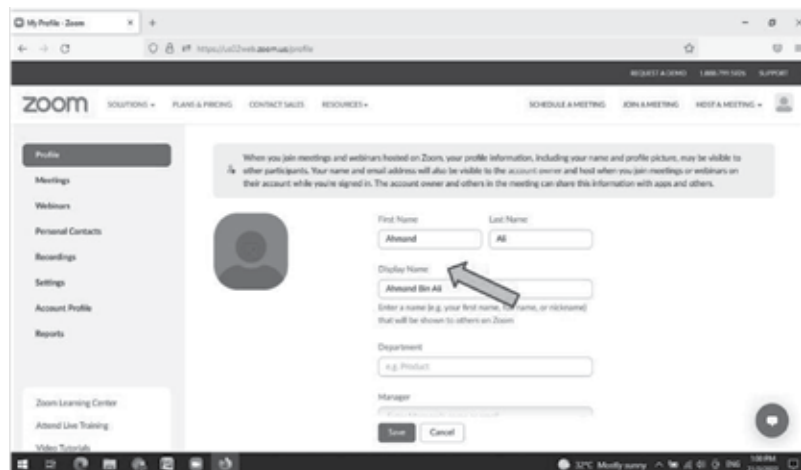
Please change the **display name** to the name as per your NRIC in your Zoom account profile as follows:

Sign in your Zoom account, look for “My Profile”

Select “Profile” and click “Edit” to proceed



Please change the “Display Name” to the name as per your NRIC



The participants in the ZOOM waiting room will not be let in if we cannot identify you.

(b) Participate through video conferencing

Select “VIRTUAL MEETING” to engage in the proceedings of the 34th AGM remotely. Only the eligible shareholder can participate and attend the meeting.

During the meeting, you will have the opportunity to speak and ask questions by video conferencing. The Board and senior management will endeavour to respond to the questions accordingly during the meeting. Only the eligible shareholders can ask questions during the meeting.

You must turn on your video feed so we can spot you if you have any questions during the Q&A session. You must declare your name when asking the questions. If the questions asked by the non-eligible shareholders, the questions will be invalidated.

Please note that the quality of your connection to the video conference is dependent on the bandwidth and stability of the internet at your location and the device you use.

ADMINISTRATIVE GUIDE FOR THE 34TH ANNUAL GENERAL MEETING

(c) Online Remote Voting

The Online Voting session will commence once the Chairman of the meeting declares that the voting platform is activated. The voting session will end upon announcement by the Chairman.

Select "REMOTE VOTING" from the Main Menu at <https://agm.citranusaholdings.com>. If you are on the Zoom meeting page, you can check the chat box in the Zoom to get the link of <https://agm.citranusaholdings.com>

Indicate your votes for the resolutions that are tabled for voting. Please cast your vote on all resolutions as appeared on the screen. Confirm and submit your votes. Once submitted, your votes will be final and cannot be changed.

Helpline Contact

In the event you encounter any issues with logging-in, connection to the Zoom video conference meeting or online voting, kindly call or WhatsApp at +6012 638 2090 for assistance.

End of Zoom Meeting for remote participation

The meeting will end and the RPV facilities will be disabled upon the announcement by the Chairman on the conclusion of the 34th AGM after the outcome of the resolutions has been declared.

7. NO DOOR GIFT

No door gift / voucher will be given to shareholders / proxies who participate at the 34th AGM

8. ANNUAL REPORT 2022

The following documents are also available in the Company's website at <https://citranusaholdings.com> under 'AGM' section:

1. Notice of the 34th AGM, Form of Proxy and Administrative Guide
2. Annual Report 2022
3. Circular to Shareholders and Share Buy-Back Statement
4. Corporate Governance Report 2022
5. Annual Report 2022 Request Form.



In consideration of the environment, we have reduced substantially the number of printed copies of the Annual Report 2022 and we strongly encourage our shareholders to refer to the documents available online. Nevertheless, in the event that you still require a hard copy, you may request a printed copy of the Annual Report 2022 by completing the "Annual Report 2022 Request Form" (No. 5 above) and email to cnisec@cni.my.

9. ENQUIRY

If you have any enquiry prior to the 34th AGM, please contact the following officers during office hours (9.00 a.m. to 6.00 p.m.) on Monday to Friday, except on public holidays:

Citra Nusa Holdings Berhad Wisma CNI, No. 2 Jalan Perunding U1/117, Hicom-Glenmarie Industrial Park, Seksyen U1 40150 Shah Alam, Selangor	Contact Number Ms. Chin Yoke Kwai 03-5569 4000 ext 2345 012-366 2356 cnisec@cni.my
Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13 46200 Petaling Jaya, Selangor	Contact Number Puan Syahirah Rahimi 03-7890 4754 nursyahirah.cherahimi@boardroomlimited.com

Given the current "Transition to Endemic" phase, the Company shall abide by the prevailing and applicable procedures and guidelines as well as precautionary measures as prescribed by the Government and other relevant authorities. In the event that any new procedures, guidelines or measures may affect the administration of the 34th AGM as set out in this Administration Guide and require material change to the proceeding of the meeting, the Company will issue an announcement on the same accordingly. Hence, please contact the above officers or check the Company's website for announcements on the latest update (if any) in relation to the 34th AGM.

DISTRIBUTION CENTERS/ SALES POINTS/ E-SALES POINTS

Saluran Pengeedaran		Alamat	Tel & Emel
PERLIS			
Center	Arau Kiosk	95, Lot 342, Jalan Jelawi Sematang, Taman Muhibbah Fasa 2 Jejawi, 02600 Arau.	017-4018786
KEDAH			
Center	Alor Star	Lot 46, Ground Floor, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3, 05050 Alor Setar.	04-7720918
	Langkawi	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9661348
	Sungai Petani	No. 7, Lengkok Cempaka 1, Bandar Amanjaya 08000, Sg Petani, Kedah.	04-4419897 / 012-9871175 / 013-9339897
	Changlun	5, Pekan Changlun 2, 06010 Changlun.	04-9246923 / 012-4932758 / 019-4442758
eSP	Pendang	No 4, Bangunan Orkid, 06700 Pendang.	019-9189897 / 013-4239897
SP	Jitra Simpang Empat	3-B Jalan 1PJ2, 06000 Jitra. 120 Taman Desa Damai, Batu 5 Simpang Empat, 06650 Simpang Empat.	017-5239447 / 012-5815552 04-7642437 / 012-4902437
PULAU PINANG			
Center	Perai Perak Road	30, Jalan Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth. 175, Perak Road, 10150 Penang.	04-2400976 04-2271092
eSP	Permatang Pauh Bayan Lepas	19, Lorong Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth. 119, Jalan Tun Dr Awang, Tmn Melawati, Bukit Jambul, 11900 Bayan Lepas.	04-3906418 / 012-4286418 04-6449637 / 019-5657126
PERAK			
Center	Tg Malim Ipoh Taiping Teluk Intan Sitiawan Gunung Rapat Bercham	No 1, Jalan U1, Taman Universiti, 35900 Tg Malim. 14, Jalan Ghazali Jawi, 31400 Ipoh (In front of stadium). 17, Jalan Wayang Gambar, 34000 Taiping. Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan. No 5 (1st Floor), Taman Sitiawan Maju 2, 32000 Sitiawan. 17, Medan Lagenda 1, Medan Lapangan Lagenda, 31350 Ipoh. 13, Persiaran Medan Bercham 4, Pusast Bandar Baru Bercham, 31400 Ipoh.	05-4805345 / 012-5386669 05-5460393 / 012-5069339 012-5072686 / 016-5212693 05-6217795 / 016-5510870 05-6121010 05-3111450 / 019-3262542/ 019-5208577 05-5360229
eSP	Ayer Tawar Batu Gajah	No 1, Taman Ayer Tawar 2, Ayer Tawar 32400. No 93A, PSN Pinggiran Saujana, Taman Pinggiran Saujana, 31000 Batu Gajah.	05-6721366 / 016-410 9629 011-16462238
SP	Pulai	No 28, Jln Pulai Height 4, Taman Pulai Height, 31300 Ipoh.	012-3783185
SELANGOR			
Center	Klang Seri Kembangan Rawang Batu Caves Bangi Petaling Jaya Puchong	No 5, Lorong Gudang Nanas 2, Off Jln Pasar 41400 Klang. No. 2E-1, Tingkat 1, Jalan Raya Dua, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan. No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang. 573, Jln Samudera Utara 1, Tmn Samudera, 68100 Batu Caves. 43A-1-1A, Jln Medan PB2, Seksyen 9 Medan PB2 Pusat Bdr Bangi, 43650 Bandar Baru Bangi. 53A, Jln SS3/29, Tmn Universiti, 47300 Petaling Jaya. No 6-3 (3rd Floor), Jalan Puteri 1/5, Bandar Puteri, 47100 Puchong.	03-33591536 03-89385991 03-60928461 / 012-3823678 03-61771271 03-89124172 03-78650172 03-80664178

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS

Saluran Pengedaran		Alamat	Tel & Emel
SELANGOR			
eSP	Banting Sungai Buaya	161, Jalan Sultan Abdul Samad, 42700 Banting. No 33, Jln Kemboja Sari 3, Bdr Sungai Buaya, 48010 Rawang.	03-31872333 / 012-3027433 013-4239606
SP	Teluk Panglima Garang Kajang	Lot 2323, Lorong Aman, Kg Sijangkang, 42500 Teluk Panglima Garang. No 4-18 Tingkat 4 Pangsapuri Teratai, Jalan Anggerik Perdana 3, Taman Anggerik Perdana Bdr Teknologi Kajang 43500 Semenyih Selangor.	03-31227021/ 016-3552162 012-3379947
WILAYAH PERSEKUTUAN			
Center	Setapak Cheras	211 A, Jalan Genting Klang, 53300 Setapak. 54-A, Jalan Serkut, Tmn Pertama, 56100 Cheras.	012291909 03-92814913 / 016-5267825
SP	OUG	57A, Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128 / 012-2818478
NEGERI SEMBILAN			
Center	Seremban Tampin Nilai	656, Jalan Haruan 4/10, Pusat Komersial Oakland, 70300 Seremban. No.1052, Tingkat Atas, Jalan Perhentian Bas Pulau Sebang, 73000 Tampin. PT4768, Jalan TS1/19, Taman Semarak, 71800 Nilai.	06-8518160 06-4415128 06-7940823
MELAKA			
Center	Batu Berendam	59, Jalan MP 18, Taman Merdeka Permai, 75350 Batu Berendam.	06-3320951
SP	Penu Paya Rumput	590-1, KM 12, Kampung Penu, 75460 Penu. No. 22, Jalan IKS PR2, IKS Paya Rumput, 76450 Paya Rumput.	06-2610012 / 010-5057109 06-3162001 / 011-60627528
JOHOR			
Center	Tmn Nusa Bestari Taman Molek Muar Kulai	No-19-A Tingkat 1, Jln Nusa Bestari ¼, Tmn Nusa Bestari 79100 Iskandar Puteri, Johor. 7, Jalan Molek 2/5, Taman Molek, 81100 Johor Bahru. No. 3, Taman Seri Gemilang, Jalan Salleh, 84000 Muar. 14, Tingkat 1, Jalan Raya, Kulai Besar, 81000 Kulai.	07-5506425 07-3614075 06-9526590 / 019-6556563 07-6605027
eSP	Bandar Kluang	No. 2, Pusat Perniagaan Komersial Haji Mana, Jalan Omar, 8600 Kluang, Johor.	011-20844800
SP	Tangkak Skudai Segamat	23, Kampung Baru Satu, 84900 Tangkak. 42, Jalan PE2/7n, Taman Pulai Mas, 81300 Skudai. 45, Jalan Intan 2, Taman Intan Bukit Siput, 85020 Segamat.	06-97820258 019-7173515 019-6556563
KELANTAN			
Center	Kota Bharu	PT397, Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang, 15400 Kota Bharu.	09-7405265
eSP	Pasir Mas	W2/458, Jalan Hospital, 17000 Pasir Mas.	019-9184408 / 013-9180188
SP	Pasir Putih	Kg. Alor Hijau, Selising, 16810 Pasir Putih.	09-7892988 / 019-9101825
TERENGGANU			
Center	Kemaman Kuala Terengganu Dungun Kiosk	40-A, Jalan Jakar, Chukai, 24000 Kemaman. 219, Tingkat Atas, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu. Pejabat Penulis Berlesen, Ramlee Ismail, No 1, Jalan Mahkamah 23000 Dungun Terengganu.	09-8591028 / 012-9886118 09-6228351 011-11444100/01119014243

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES

Saluran Pengeedaran		Alamat	Tel & Emel
TERENGGANU			
eSP	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308 / 013-9436988
PAHANG			
Center	Kuantan	B.58, Jalan 1 M3/10 BIM Point, Bandar Indera Mahkota, Jalan Kuantan, 25200 Kuantan.	09-5729247
	Mentakab	No. 16, Jalan Anggerik, 28400 Mentakab.	09-2640101
SP	Kuala Lipis Jengka	No 97 Tmn Permai Fasa 2, Tempoyang 27200, Kuala Lipis. No 11, Kedai Pelbagai, Jengka Street, 26400 Bandar Jengka.	017-9830499 013-9246175 / 013-6020451
SARAWAK			
	Sarawak Branch	Lot 9392, Section 64, Jalan Pending Heights, 93450 Kuching.	082-340619 / 340620 / 340621
Center	Sibu	No 1, 1st Flr, Pusat Tanah Wang, Jalan Dr. Wong Soon Kai, 96000 Sibu.	084-321284
	Kuching	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jalan Tun Ahmad Zaidi Adruce, 93150 Kuching.	082-424313 / 019-8182623
	Bintulu	189, Park City Commerce Square, 97000 Bintulu.	086-310611 / 019-8151611
	Sri Aman	No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman.	083-325313 / 019-8195313
	Petra Jaya	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714
	Miri	Lot 2419, First Floor, Block 5, Miri Concession Land District, Jalan Boulevard 2, Boulevard Commercial Center, 98000 Miri Sarawak.	085-321910
eSP	Sarikei 2 Bakam, Miri Bandar Sibu	No 7, Jalan Bersatu, Jubli Mutiara, 96100 Sarikei. Lot 6626, Jalan Oncidium Off Jalan Bakam, 98000 Miri. 22A, Jalan Awang Ramli Amit, 96000 Sibu.	019-8861300 085-324747 / 019-8848410 016-8004745 / 016-4787667 / 016-2014745
SP	Mukah Bau Sarikei Serian	83, Newtownship, 96400 Mukah. 1, Tingkat 1, Market Serbaguna, Majlis Daerah Bau, 94000 Bau. No 20, Jalan Bawal, Lorong 4C, 96100 Sarikei. No 1, Serian Bazaar, 94700 Serian.	084-871867 / 013-8063268 013 -8099005 084-644566 / 019-8178229 014-8811112
SABAH			
	Sabah Branch	Lot 121, Block N-5, Ground & 1st Floor, Lorong Plaza Permai 3, Jalan Sulaman Highway, 88450 Kota Kinabalu.	088-281899 / 088-282899
Center	Keningau Kota Kinabalu	Lot 18, Tkt 2 Ribumi Complex, Jln Masak, Keningau 89000. 1.25, 1st Floor, Asia City Complex, Pusat Bandar Kota Kinabalu, 88000 Kota Kinabalu.	013-8658865 / 010-9345909 088-484968 / 013-8604168
	Tawau	TB999, Wisma Wee, Jalan Utara, 91000 Tawau.	089-768154 / 014-8617839 / 019-8216260
	Sandakan	Lot 52 (Tingkat 1), Bdr Prima Batu 4, Jalan Utara, 90000 Sandakan.	089-463104 / 011-64866586
SP	Lahad Datu Tambunan	Lot 56, MDLD 0813, Raya 3, Public Villa, Jalan Segama, 91110 Lahad Datu. Peti Surat 14, Pekan Tambunan, Tambunan 89657.	014-3580166 017-8360146
BRUNEI			
	Brunei Branch	Simpang 88, Unit No.9, Block B, Bangunan Begawan Pehin Hj. Md. Yusof, Kampung Kiulap, BE1518 Negara Darussalam.	00673-2-237293



CITRA NUSA HOLDINGS BERHAD
Company No. 198901004452 (181758-A)

Number of ordinary shares held	CDS Account No

FORM OF PROXY

I/We NRIC/Passport/Company No.
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

Tel No. being a member/members of **CITRA NUSA HOLDINGS BERHAD**, hereby appoint

..... NRIC/Passport No.
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

*and/or, NRIC/Passport No.
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

or failing *him/both, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty-Fourth Annual General Meeting ("34th AGM") of the Company to be held virtually from Diamond Hall, First Floor, Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan as the Broadcast Venue on **Thursday, 25 May 2023 at 11.00 a.m.** or at any adjournment thereof, on the following resolutions referred to in the Notice of 34th AGM. My/our proxy is to vote as indicated below:

		FOR	AGAINST
Ordinary Business			
Ordinary Resolution 1	To re-elect Mr. Chew Boon Swee as Director of the Company		
Ordinary Resolution 2	To re-elect Ms. Carolyn Anne Kam Foong Kheng as Director of the Company		
Ordinary Resolution 3	To approve the payment of Directors' Fees		
Ordinary Resolution 4	To approve the payment of Benefits Payable to the Non-Executive Directors		
Ordinary Resolution 5	To re-appoint Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to determine their remuneration		
Special Business			
Ordinary Resolution 6	To authorise the Directors to Issue Shares		
Ordinary Resolution 7	To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	To approve the Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the appropriate spaces provided to indicate how you wish your vote to be cast. If you do not do so, the proxy shall vote as he/she thinks fit, or at hi/hers discretion, or abstain from voting)

Dated this day of 2023

Signature(s) / Common Seal of Member(s)

* Delete whichever is/are not applicable

Notes:

- Applicable to shares held through a nominee account.
- Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who holds ordinary shares in the Company for multiple owners in one (1) securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing signed by the hand of the Member or of his/her attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 34th AGM of the Company will be put to vote on a poll.

For appointment of proxies, proportion of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

- The Form of Proxy and/or documents relating to the appointment of proxy/corporate representative for the 34th AGM shall be deposited or submitted in hard copy in the following manner not later than **11.00 a.m. on Wednesday, 24 May 2023** in accordance with Article 90 of the Company's Constitution.
 - By hand or post: to the Company's registered office at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
 - By fax at 03-5569 3308 or email to cnisec@cni.my
- For the purpose of determining the Shareholder who shall be entitled to attend the 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 73 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors ("ROD") as at **17 May 2023 ("General Meeting ROD")**. Only a Shareholder whose name appears on the ROD as at 17 May 2023 shall be entitled to attend the AGM virtually or appoint proxies to attend and/or vote on his/her behalf.

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AFFIX
STAMP

The Company Secretary
CITRA NUSA HOLDINGS BERHAD
Wisma CNI, No. 2 Jalan Perunding U1/17
Hicom-Glenmarie Industrial Park, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan.

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CITRA NUSA HOLDINGS BERHAD

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