HEXTAR TECHNOLOGIES SOLUTIONS BERHAD

(Formerly known as Complete Logistic Services Berhad)
(Registration No.: 200501034100 (716241-X))

ANNUAL REPORT 2022

17th ANNUAL GENERAL MEETING

DATE : Thursday, 25 August 2022

TIME : 10.30 a.m.

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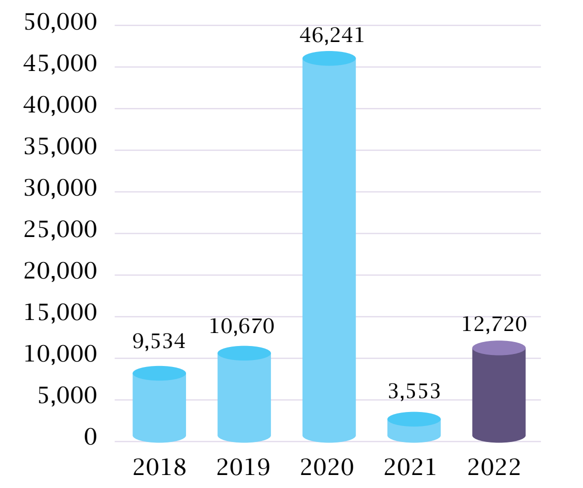
5 YEARS FINANCIAL HIGHLIGHTS

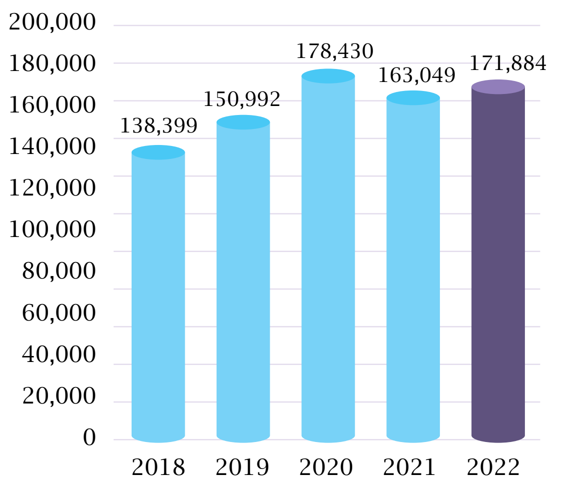
	2018	2019	2020	2021	2022
Revenue (RM'000)	124,020	124,099	108,169	42,347	114,032
Profit After Tax ("PAT") (RM'000)	9,534	10,670	46,241	3,553	12,720
Shareholders' Equity (RM'000)	138,399	150,992	178,430	163,049	171,884
Net Assets Per Ordinary Share (Sen)	112.0	122.0	141.0	127.0	134.0
Basic Earnings Per Ordinary Share (Sen)	7.6	8.6	36.7	3.0	10.0
Dividend Per Ordinary Share (Sen)	-	-	16.0	16.0	-

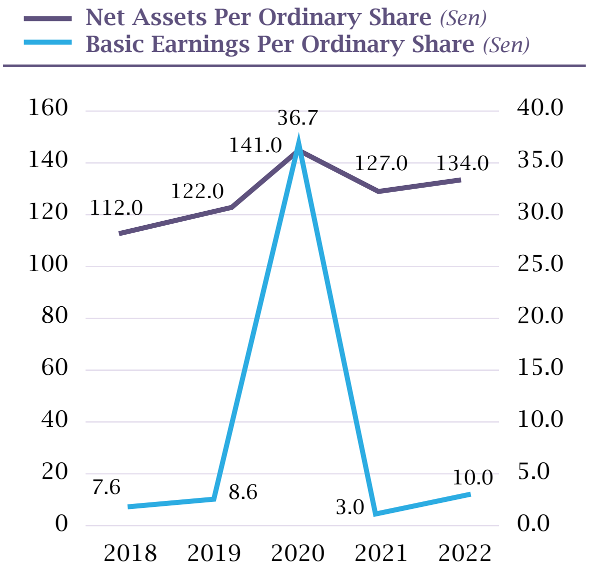
Revenue
(RM'000)

PAT
(RM'000)



Shareholders' Equity
(RM'000)





CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Iskandar Bin Sarudin
Independent Non-Executive Chairman

Ronald Khoo Boo Soon
Executive Director
(Appointed on 15/6/2021)

Dato' Ong Chong Yi
Independent Non-Executive Director

Yeoh Chin Hoe
Independent Non-Executive Director

Teh Li King
Non-Independent Non-Executive Director

BOARD COMMITTEES

Audit Committee

Chairman
Yeoh Chin Hoe

Members
Datuk Iskandar Bin Sarudin
Dato' Ong Chong Yi

Nomination and Remuneration Committee

Chairman
Datuk Iskandar Bin Sarudin

Members
Yeoh Chin Hoe
Dato' Ong Chong Yi
(Appointed on 3/1/2022)

Risk Management Committee

Chairman
Datuk Iskandar Bin Sarudin

Members
Yeoh Chin Hoe
Dato' Ong Chong Yi
(Appointed on 3/1/2022)

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5,
Horizon 2, Bangsar South City,
59200 Kuala Lumpur
Tel No. : +603 2280 6388
Fax No. : +603 2280 6399

HEAD OFFICE

No. 64, Jalan Bayu Laut 4/KS09
Kota Bayuemas
41200 Klang
Selangor Darul Ehsan
Tel No. : +603 3003 3333
Fax No. : +603 3003 3330
Website : www.hextartech.com

COMPANY SECRETARY

Wong Mee Kiat
(MAICSA 7058813)
(SSM PC No. 202008001958)

Ng Heng Hooi
(MAICSA 7048492)
(SSM PC No. 202008002923)

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel No. : +603 2788 9999
Fax No. : +603 2788 9998

SHARE REGISTRAR

Tricor Investor &
Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : +603 2783 9299
Fax No. : +603 2783 9222

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market, Transportation & Logistics

CORPORATE STRUCTURE
AS AT 13 JULY 2022

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(formerly known as COMPLETE LOGISTIC SERVICES BERHAD)
200501034100 (716241-X)

100% **Channel Legion Sdn Bhd**
199501025446 (354651-M)
Investment holding

100% **Complete Logistic Specialists Sdn Bhd**
199701030089 (445588-V)
Total logistic services provider

100% **Guper Bonded Warehouse Sdn Bhd**
201501022073 (1147401-H)
Investment holding

100% **Guper Properties Sdn Bhd**
200301030377 (632797-D)
Insurance agent

100% **Island Network Sdn Bhd**
199801010871 (466999-W)
General trading

100% **Malsuria (M) Sdn Bhd**
199201002744 (234248-P)
Providing financial services

100% **Sin Hiap Hoe Trading & Transport Sdn Bhd** 197801002276 (39285-T)
Lorry transport operator

100% **Pengangkutan Sekata Sdn Bhd**
198601004876 (154036-K)
Lorry transport operator

100% **Dian Pahlawan Sdn Bhd**
199701016564 (432061-W)
Lorry transport operator

100% **Hextar Marketing Sdn Bhd**
201001007234 (891855-D)
Trading

100% **Hextar Vision Sdn Bhd**
202101032720 (1433020-A)
IT related services

65% **CIBC Technology Sdn Bhd**
199301011913 (266651-P)
Trading and e-commerce

20% **Dolphin Shipping Agency Sdn Bhd**
200001004921 (507526-A)
Shipping agent for provision of freight services

20% **Gems Logistics Sdn Bhd**
201101021860 (949999-H)
Provision of warehousing services

20% **Guper Integrated Logistics Sdn Bhd**
199701005035 (420531-V)
Provision of total logistic services with haulage, forwarding and other associated services

CHAIRMAN'S STATEMENT

Dear Esteemed Shareholders,

On behalf of the Board of Directors ("Board") of Hextar Technologies Solutions Berhad ("HexTech" or "the Company") (formerly known as Complete Logistic Services Berhad), it is my pleasure to present to you HexTech's Annual Report for the financial year ended 31 March 2022 ("FYE 2022").

Economic Landscape

In FYE 2022, global macroeconomic conditions have begun to recover as various countries, including Malaysia, began to ease movement control restrictions at varying degrees.

In Malaysia, the business and social sectors saw gradual easing of movement control restrictions under different phases of the National Recovery Plan ("NRP"), as the domestic vaccination rate increased. According to the Department of Statistics Malaysia, the Malaysian economy has registered a positive gross domestic product ("GDP") growth of 5.0% in the first quarter of 2022 while GDP growth of 3.6% was recorded in the fourth quarter of 2021.

Growth was supported mainly by the improvement in domestic demand as economic activities normalised following the easing of containment measures under the NRP. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activities.

Business Overview

We are gradually entering into a post Covid-19 pandemic that will be a new normal to our operating environment, requiring behavioural changes at both households and business levels and supply chain disruptions that will lead to new ways of obtaining resources. All these forces of change will result in us having to relook at the way we do business.

As such, in FYE 2022, our Group embarked on a ***divestiture, expansion and diversification*** program to improve our business as follows:

(i) Disposal of non-performing business and non-core assets

- We disposed our entire fleet of vessels and exited the marine transportation segment.
- We disposed our non-core subsidiaries.

(ii) Expansion into the trading of building materials business

(iii) Diversifying into technology businesses

- Plans to venture into development and implementation of Internet of Things ("IoT") based software applications.

CHAIRMAN'S STATEMENT
(CONTINUED)

Financial Highlights

We have recorded a solid set of results despite the difficult environment with our top line achieving tremendous growth, recording a jumped by 169.3% year-on-year ("YoY") from RM42.3 million in financial year ended 31 March 2021 ("FYE 2021") to RM114.0 million in FYE 2022. The growth in our revenue was mainly due to our strategic move to expand into trading of building materials business during the financial year.

Meanwhile, our PAT rose by 258.0% YoY from 3.6 million in FYE 2021 to RM12.7 million in FYE 2022. The increase in our PAT was mainly due to the disposal of our non-performing business in the marine transportation segment and non-core assets during the financial year.

FYE 2022 REVENUE:
RM114.0 million
+ 169.3% YoY

FYE 2022 PAT:
RM12.7 million
+ 258.0% YoY

For further insights into HexTech's financial and operational performance, please refer to our Management Discussion & Analysis section of this Annual Report.

Dividend

In view of the ongoing market challenges and the need for our Group to conserve cash for various business expansion and diversification plans, our Board has not proposed any dividend payment for FYE 2022.

Corporate Governance

Our Group is cognisant that maintenance of the highest standards of corporate governance practices within the Group is fundamental to discharge our responsibilities in protecting and maximising shareholders' and stakeholders' values while growing our businesses sustainably.

During the financial year under review, the Board reviewed our corporate governance practices to align with the revised Malaysian Code on Corporate Governance 2021 ("MCCG 2021") issued by the Securities Commission Malaysia. We endeavour to improve and comply with all applicable best corporate governance practices in order to steer our Group for long-term value creation and sustainable business growth.

Prospects for FYE 2023

Moving into FYE 2023, we anticipate that the economic situation and business operating landscape will remain demanding as a result of the prolonged pandemic and market uncertainties. We are mindful of the challenges ahead of us such as fluctuations of material prices, disruptions in the supply chain as well as external factors that are beyond our control.

On a brighter note, the Malaysian economy is expected to remain on its recovery path. Growth will be supported by the continued expansion in market demand and higher private sector expenditure given improving labour market conditions and ongoing policy support from the Government. Furthermore, the continuation of major investment projects in both private and public sectors will lend support to further growth in Malaysian economy.

Prospects for FYE 2023 (Cont'd)

At HexTech, we remained positive on the outlook of the Group premised on the gradual recovery of the economy as well as our expansion and diversification plans. With the change of our Company's name to Hextar Technologies Solutions Berhad effective 08 July 2022, it has officially marked the start of a new era where we will be venturing into the information and communications technology industry in FYE 2023. Premised upon our strengths, capabilities and experienced management, we are confident in executing our expansion and diversification strategies while overcoming any obstacles ahead.

Appreciation

On behalf of the Board, I would like to take this opportunity to convey my deepest appreciation to our team at HexTech for their unrelenting efforts and resolute commitment, especially during these trying times. It would not have been possible for us to achieve what we did this year without their dedication and contributions.

My heartfelt gratitude also goes out to our external stakeholders, including but not limited to our valued shareholders, customers, business partners, bankers, suppliers and respective regulatory authorities for their continuous support of HexTech.

Last but not least, I would like to acknowledge my fellow Board members for their unwavering support and precious advice. I have the utmost conviction that under the stewardship of our Board, the team will continue to shape a greater future for HexTech.

Datuk Iskandar Bin Sarudin
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS AND OPERATIONAL OVERVIEW

Business Overview and Objectives

Since our establishment in 2006, we have been focusing on providing total logistic services to our customers involving land and marine transportation. However, the ever-changing business environment and the impact from the Covid-19 pandemic required us to relook at the way we conducted our business from a strategic perspective, we have thus decided to divest non-performing businesses and dispose non-core assets in order to strengthen our liquidity and cash flow position whilst raising additional working capital for our business operations and expansion.

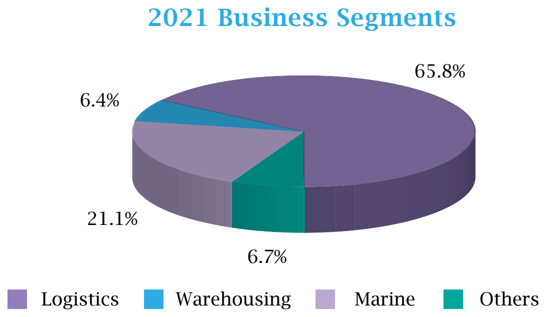
During the first quarter of FYE 2022, we completed the disposal of our entire fleet of motorised marine vessels that provided marine transportation for general break-bulk/conventional cargoes and project cargoes that required total logistics or door to door handling. As such, we are no longer involved in the marine transportation segment from the second quarter of FYE 2022. We have also disposed certain non-core subsidiaries during FYE 2022 which enabled us to monetise our non-core assets.

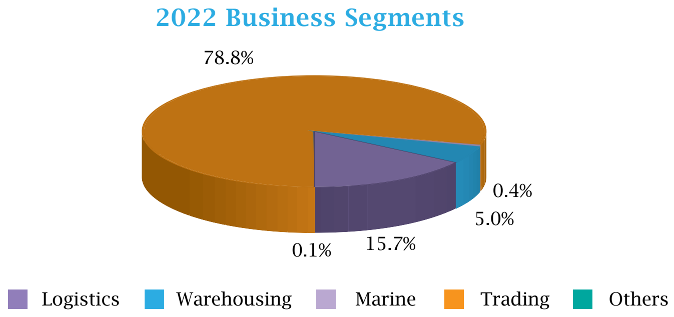
Following a series of divestiture and expansion plans which are aimed at growing and sustaining our business while enhancing our stakeholders' value, we are now involved in the following business segments:

(1) **Logistics segment**	:	We provide total logistic services which comprise of lorry transportation services (tanker, general cargo, side curtain), project logistics and door to door delivery services. Our lorry transportation services cover areas within Peninsular Malaysia and our hub is located in Nilai, Negeri Sembilan.
(2) **Warehousing segment**	:	We provide warehouse for rental at Port Klang Free Zone, Pulau Indah.
(3) **Trading segment**	:	We are involved in trading of building materials.
(4) **Others**	:	We are involved in trading of goods, insurance agency and investment holding.

Operational Review

Our revenue segmentation by business activities for FYE 2021 and FYE 2022 are as follows:





We have expanded our existing trading business into the building materials sector which contributed positively to our financial performance for FYE 2022. The trading segment emerged as our main revenue contributor in FYE 2022, accounting for 78.8% of our total revenue. The logistics segment contributed 15.7% of our total revenue followed by the warehousing segment with 5.0%. As we have ceased operating in the marine segment during the financial year, revenue from the marine segment accounted for only 0.4% in FYE 2022.

Despite the gradual recovery in the global economy, our logistics segment continued to be impacted by the Covid-19 pandemic. Business volume remained low resulting from slow recovery following the reopening of all economic sectors and international borders.

BUSINESS AND OPERATIONAL OVERVIEW (CONT'D)

Operational Review (Cont'd)

For the warehousing segment, we have completed the construction of warehouse/ factory in Port Klang Free Zone, Pulau Indah, in the first quarter of FYE 2022. It has contributed positively to our financial performance in FYE 2022.

Fortunately, our Management's strategic decision and business direction to expand into trading of building materials made our positive financial performance possible. We will continue to focus on our core businesses and embark on rationalisation of resources throughout the Group to improve business processes. These measures are expected to align cost structures in tune with the level of operations in order to withstand any potential headwinds and to remain competitive. We will monitor our business and resource portfolios with the view to strategically exit non-performing business and non-core assets.

FINANCIAL REVIEW

Review of Financial Performance

	FYE 2021	FYE 2022	YoY Changes
FINANCIAL RESULTS			
Financial Indicators (RM'000)			
Revenue	42,347	114,032	169.3%
Gross Profit ("GP")	5,225	8,771	67.9%
Profit Before tax ("PBT")	4,275	13,549	217.0%
PAT	3,553	12,720	258.0%
Financial Ratios			
GP margin (%)	12.3	7.7	(4.6)
PBT margin (%)	10.1	11.9	1.8
PAT margin (%)	8.4	11.2	2.8

Revenue

Our Group performed well in FYE 2022 despite the challenging environment as Covid-19 pandemic continues to shadow the recovery of the global and local economic landscape. Our revenue improved by RM71.7 million or 169.3% from RM42.3 million in FYE 2021 to RM114.0 million in FYE 2022. The increase in revenue was mainly contributed by our expansion into trading of building materials.

Our revenue breakdown by business segment is as follows:

(RM'000)	FYE 2021	FYE 2022	YoY Changes
Trading	-	89,868	100.0%
Logistics	27,875	17,899	(35.8%)
Warehousing	2,710	5,745	112.0%
Marine	8,933	410	(95.4%)
Others	2,829	110	(96.1%)
Total Revenue	42,347	114,032	169.3%

FINANCIAL REVIEW (CONT'D)

Review of Financial Performance (Cont'd)

Revenue (Cont'd)

The trading segment became our anchor revenue contributor for FYE 2022, accounting for 78.8% of our total revenue.

Revenue from logistics segment decreased by RM10.0 million or 35.8% from RM27.9 million in FYE 2021 to RM17.9 million in FYE 2022 mainly due to lower business volume resulting from slow recovery from the Covid-19 pandemic.

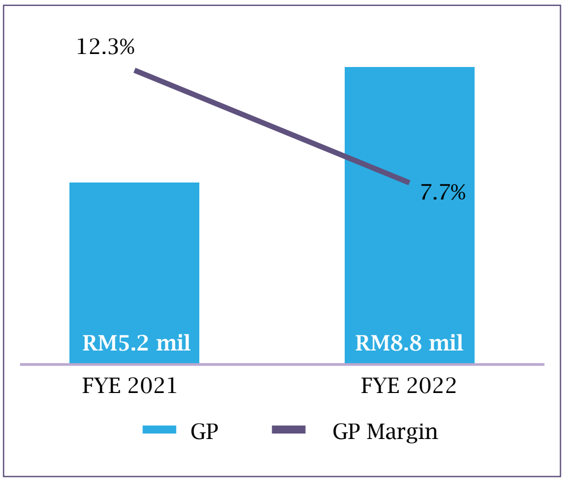
Revenue from warehousing segment increased by RM3.0 million or 112.0% from RM2.7 million in FYE 2021 to RM5.7 million in FYE 2022 mainly attributable to increased rental income from our newly completed warehouse / factory in Port Klang Free Zone, Pulau Indah.

Revenue from marine segment decreased by RM8.5 million or 95.4% from RM8.9 million in FYE 2021 to RM0.4 million in FYE 2022 mainly due to cessation of our marine transportation business following the completion of the disposal of our vessels in FYE 2022.

GP and GP margin

Our GP increased by RM3.6 million or 67.9% from RM5.2 million in FYE 2021 to RM8.8 million in FYE 2022, in line with the increase in our revenue.

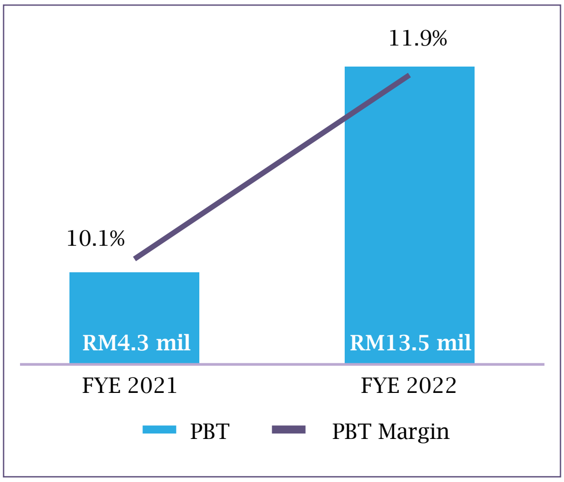
Despite the increase in GP, our overall GP margin decreased by 4.6% from 12.3% in FYE 2021 to 7.7% in FYE 2022. The change in our business segment composition in FYE 2022 where the trading segment became our main revenue contributor coupled with lower revenue from the logistics segment had affected our GP margin.



PBT and PBT margin

Our PBT increased by RM9.2 million or 217.0% from RM4.3 million in FYE 2021 to RM13.5 million in FYE 2022. Our PBT margin also increased by 1.8% from 10.1% in FYE 2021 to 11.9% in FYE 2022.

The increase in PBT and PBT margin was mainly due to the one-off gain on disposal of subsidiaries of RM11.2 million recorded in FYE 2022.



FINANCIAL REVIEW (CONT'D)

Review of Financial Position and Liquidity

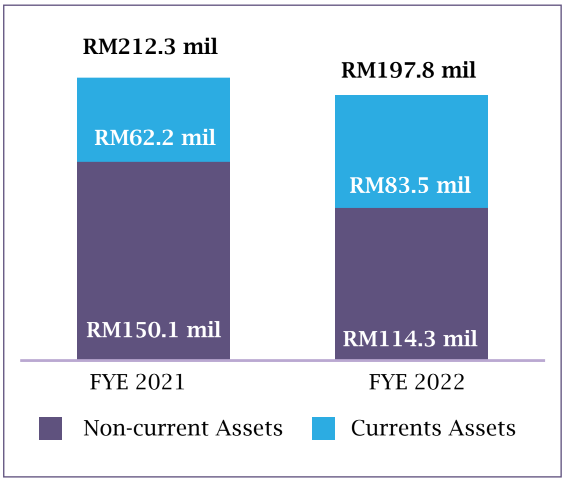
	FYE 2021	FYE 2022	YoY Changes
FINANCIAL POSITIONS			
Financial Indicators (RM'000)			
Total assets	212,323	197,841	(14,482)
Total liabilities	49,259	26,288	(22,971)
Equity attributable to equity holders of the Company	163,049	171,884	8,835
Financial Ratios			
Gearing ratio (times)	0.2	0.1	(0.1)
Current ratio (times)	3.2	8.9	5.7

Assets

Total assets decreased by RM14.5 million from RM212.3 million as at 31 March 2021 to RM197.8 million as at 31 March 2022. This was mainly contributed by the decrease in non-current assets by RM35.8 million, partially offset by the increase in current assets by RM21.3 million.

Our property, plant and equipment and rights-of-use assets decreased as a result of the disposals of subsidiaries undertaken during the year.

Our current assets on the other hand increased mainly arising from the increase in trade receivables in line with the increase in our revenue in FYE 2022.

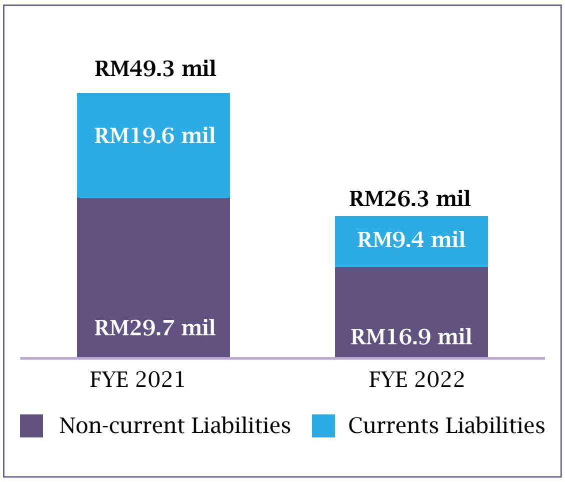


Liabilities

Total liabilities decreased by RM23.0 million from RM49.3 million as at 31 March 2021 to RM26.3 million as at 31 March 2022. This was mainly contributed by the decrease in non-current liabilities by RM12.8 million and current liabilities by RM10.2 million.

Our term loans decreased significantly as a result of the disposals of subsidiaries undertaken during the year.

Our current liabilities decreased mainly due to the decrease in other payables arising from settlement of intercompany advances from our disposed subsidiaries.



FINANCIAL REVIEW (CONT'D)

Review of Financial Position and Liquidity (Cont'd)

Liquidity

Our current ratio improved tremendously from 3.2 times as at 31 March 2021 to 8.9 times as at 31 March 2022. The improvement was mainly attributed to the increase in our trade receivables coupled with the decrease in our term loans in FYE 2022.

	FYE 2021	FYE 2022	YoY Changes
CASH FLOWS			
Financial Indicators (RM'000)			
Net cash from / (used in) operating activities	9,086	(46,186)	(55,272)
Net cash (used in) / from investing activities	(42,053)	8,664	50,717
Net cash (used in)/ from financing activities	(16,254)	15,068	31,322
Net changes in cash and cash equivalents	(49,221)	(22,454)	26,767
Cash and cash equivalent as at 1 April	98,908	49,687	
Cash and cash equivalent as at 31 March	**49,687**	**27,233**	

Our Group's cash and cash equivalents decreased from RM49.7 million as at 31 March 2021 to RM27.2 million as at 31 March 2022.

We generated negative operating cash flows of RM46.2 million in FYE 2022, mainly due to net cash used in our expansion into the trading segment where our revenue and trade receivables increased significantly.

We generated positive investing cash flows of RM8.7 million in FYE 2022 mainly due to the cash proceeds received from the disposal of our subsidiaries; property, plant and equipment and rights-of-use assets. Such cash inflow was partially offset by additional investment into our subsidiary as well as purchase of property, plant and equipment and rights-of-use assets for our business.

We generated positive financing cash flows of RM15.1 million in FYE 2022 mainly from the settlement of intercompany advances received from our former subsidiaries. Such cash inflow was partially offset by repayment of our term loans and interest paid during FYE 2022.

Capital Structure, Resources and Commitment

As at 31 March 2022, our Group's share capital is RM72.4 million comprising 128,649,000 number of ordinary shares. Our shareholders' equity remained healthy at RM171.9 million as at 31 March 2022, increasing by RM8.8 million from 31 March 2021.

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, bills payables as well as finance lease. Our gearing level remained low at just 0.1 times as at 31 March 2022.

The capital expenditure committed for the coming year amounted to RM0.3 million, for the purchase of property, plant and equipment, to be utilised in our business.

RISK RELATING TO OUR BUSINESS

We are exposed to certain anticipated or known risks that may affect our operations, performance, financial condition and liquidity. Our Group's approach to manage risks is guided by our risk management framework which includes process and policies aimed at addressing and mitigating risks at the same time sustaining our Group's growth.

Competition Risk

The trading and logistic services industry has moderate barriers to entry as evidenced by the large number of players in the market and hence, competition among the existing players is considerably high. There is also the threat of new players entering into the market.

However, our proven track record, in-depth industry knowledge and experience, skilled manpower, established process management, good business relationship with customers coupled with our ability to deliver consistent quality services has enabled us to stay competitive.

Dependence on the Construction and Property Development Industries

Our main revenue contribution is from the trading of building materials which are supplied to the construction and property development industries. As such, we are exposed to the vagaries of these industries caused by various factors including political and economic stability, inflation, labour shortages and increased in raw material prices. Any adverse development to the construction and property development industries will adversely affect our business.

We will keep abreast with the development in such industries and remain agile to constantly review our business strategies to ensure we are able to withstand any potential headwinds.

Fuel Costs

Fuel costs forms a significant portion of our total operating costs and hence, any drastic fluctuation in fuel costs would inevitably affect our financial performance.

The financial impact of an increase in fuel costs may be ameliorated by passing the increased costs to our customers via fuel surcharge, except for confirmed fixed rate arrangements that have been agreed with customers. We will continuously review and negotiate new rates with shorter tenure with customers should the fuel price increase beyond our cost limit.

Supply Chain Disruptions

The Covid-19 pandemic, in particular, has magnified the risk of supply chain interruptions over the globe. Operational disruptions faced by our suppliers resulting in material shortages could cascade to operational stoppages at our end. As part of our risk mitigation measures, we regularly communicate with our key suppliers to keep tabs on any potential disruptions.

Credit Risk

We are exposed to credit risk, or the risk of counterparties defaulting, arising from trade and other receivables. We manage our exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

In the event of significant delay or default in payment by our major customers, it may adversely affect our operating cash flows and financial position. Any impairment on the receivables will also negatively affect our financial performance. As such, to mitigate the credit risks, we will continuously assess the credit standing of our customers, have in place a tight credit control system and take legal action if necessary.

RISK RELATING TO OUR BUSINESS (CONT'D)

Diversification Risk

We are currently involved in the logistics, warehousing and trading businesses. However, we will be diversifying into the Technology Businesses in FYE 2023. We will be facing new challenges and risks arising from this new business venture in which we have no prior experience.

We seek to mitigate the new business risk by, amongst others, leveraging on the experience and expertise of our Chief Executive Officer ("CEO").

In addition, we are also in the process of building our core capabilities in anticipation of the commencement of the Technology Businesses in FYE 2023.

FUTURE PROSPECT AND OUTLOOK

Existing Business Segments

As we head into FYE 2023, we expect the business operating landscape to remain highly taxing owing to the uncertainties from the prolonged Covid-19 pandemic. However, the Malaysian economy is expected to recover gradually as growth will be supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and ongoing policy support from the Government. Furthermore, the continuation of major investment projects in both private and public sectors will lend support to economic growth in Malaysia.

We are considering improving our operations through, inter-alia, a fleet replenishment program for our logistics segment as well as expanding the building materials trading business through increased marketing initiatives.

As for our warehousing segment, we will seek to grow our rental income. We still have five (5) pieces of freehold land totalling 56,231 square meters located in the Nilai Industrial Estate which is available for development at the opportune time.

New Technology Business

We have plans to diversify our business portfolio to widen our revenue base and attain better operating margins. As such, we had on 14 March 2022, announced our plans to diversify into Technology Businesses ("Proposed Diversification").

The Technology Businesses which we intend to venture into shall involve development and implementation of IoT based software applications. The objective of the Technology Businesses is to assist customers to digitalise their operational and business processes via IoT adoption thus enabling them to remotely manage and monitor their system/facilities and access real time data for effective management.

We intend to source and secure contracts through initiatives such as participation in open tenders, direct negotiations, strategic businesses/investments projects, joint ventures, collaborative arrangements, and/or mergers and acquisitions of suitable businesses/investments in the Information Communication and Technology ("ICT") industry.

DIVIDEND

Our Board highly values the unwavering support our Group has received from our loyal shareholders over the years. While we recognise the importance of rewarding shareholders for their support, the decision to declare a cash dividend is subject to several factors, including earnings, capital commitment, financial conditions and other factors.

In view of the ongoing market challenges and the need for our Group to maintain a good cash flow position for various business expansion and diversification plans, our Board has not recommended a dividend payment for FYE 2022.

Nevertheless, once our Group is comfortable to distribute dividends, our Board is committed to resuming the payment of dividends in the future.

PROFILE OF DIRECTORS

DATUK ISKANDAR BIN SARUDIN
Independent Non-Executive Chairman
Malaysian, Male, Aged 67

Datuk Iskandar Bin Sarudin was appointed to our Board as an Independent Non-Executive Director on 8 April 2015. He was then redesignated as Independent Non-Executive Chairman on 27 November 2020. Datuk Iskandar is the Chairman of the Nomination and Remuneration Committee ("**NRC**"), as well as Risk Management Committee ("**RMC**"). He is also a member of the Audit Committee ("**AC**"). He graduated with a Bachelor of Arts (Hons.) Degree in Malay Studies from the University of Malaya.

Datuk Iskandar began his distinguished diplomatic career in the Administrative and Diplomatic Service of the Ministry of Foreign Affairs ("**Ministry**") in 1979 where he was appointed as the Assistant Secretary at the ASEAN National Secretariat. Datuk Iskandar had many interesting and challenging diplomatic assignments in his 35 years' service with the Ministry. He was tasked by the Ministry to establish the Malaysian Embassy in the Republic of Chile in 1991 and in Bosnia and Herzegovina in 1996. He was also the Deputy Secretary General of the Ministry and High Commissioner to Sri Lanka and Maldives, Ambassador to Philippines, prior to his posting as the Ambassador of Malaysia to the People's Republic of China in 2010. He was also the Ambassador of Malaysia to Mongolia concurrently accredited from Beijing (since March 2011). Datuk Iskandar retired from the Malaysia civil services in April 2015. Subsequent to his retirement, he has been holding the position of the President of Persatuan Muafakat One Belt One Road Malaysia since 2016.

Datuk Iskandar currently also sits on the Board of Aeon Co. (M) Bhd, Eversendai Corporation Berhad and Classic Scenic Berhad ("**CSCENIC**"). He has attended eleven (11) out of eleven (11) Board meetings held during FYE 2022.

RONALD KHOO BOO SOON
Executive Director
Malaysian, Male, Aged 51

Mr Ronald was appointed to our Board on 15 June 2021. He is a Fellow member of The Association of Chartered Certified Accountants (UK) ("**FCCA**").

Mr Ronald started his career in one of the Big 4 accounting firms upon graduating in 1994. He subsequently joined the Corporate Advisory department of Malaysian International Merchant Bankers Berhad in 1996. In 2001, he joined Deloitte & Touche Corporate Advisory Services Sdn Bhd for a short stint before moving to AmInvestment Bank Berhad in 2002, first in the Corporate Finance department, then with the Equity Capital Markets team. In 2012, he left AmInvestment Bank Berhad and joined Maybank Investment Bank Berhad as a Director in the Equity Capital Markets department. He assumed the position of Group Chief Corporate Officer of the Hextar Group of Companies in 2021.

He does not hold directorships in any other public companies and listed issuers. Mr Ronald has attended nine (9) out of nine (9) Board meetings held during FYE 2022 upon his appointment to the Board.

PROFILE OF DIRECTORS
(CONTINUED)

DATO' ONG CHONG YI
Independent Non-Executive Director
Malaysian, Male, Aged 43

Dato' Ong was appointed to our Board on 16 November 2020. He is a member of the AC, NRC, and RMC. He graduated with a Bachelor of Arts (Hons) in International and Strategic Studies from the University of Malaya. He is currently pursuing a Master of Business Administration at the University of Malaya.

Prior to this, Dato' Ong served as Assistant Director of JPJ Pahang, Senior Assistant Director of JPJ Selangor, Principal Assistant Director (China) at the Ministry of International Trade and Industry, Malaysia ("**MITI**"), Minister Counsellor (Economy Affairs) at the Malaysian Embassy in Beijing, representing MITI, President of China-Malaysia Qinzhou Industrial Park and CEO of Port Klang Free Zone. In addition, he is a member of the Asia-Europe Institute and the Arts and Social Sciences Faculty's Board of Studies at the University of Malaya, the Vice President of Malaysia-Macao Chamber of Commerce, the 12th National Council Member of Malaysia-China Chamber of Commerce and the Diplomatic Advisor of the China Top 500 Foreign Trade Enterprises Club.

Dato' Ong does not hold directorships in any other public companies and listed issuers. He has attended eleven (11) out of eleven (11) Board meetings held during FYE 2022.

YEOH CHIN HOE
Independent Non-Executive Director
Malaysian, Male, Aged 71

Mr Yeoh was appointed to our Board on 16 March 2021. He is the Chairman of the AC, as well as a member of the NRC, and RMC.

Mr Yeoh holds a Master's degree in Business Administration (General Management) from University Putra Malaysia. He is a Chartered Accountant of Malaysian Institute of Accountants ("**MIA**"), a FCCA, a fellow member of Institute of Chartered Secretaries and Administrators (UK) and a member of the Malaysian Institute of Certified Public Accountants.

Mr Yeoh began his accountancy and audit career with Spicer & Pegler, Chartered Accountants (now merged with Deloitte) from 1973 to 1978 in London, United Kingdom and subsequently joined Coopers & Lybrand in Kuala Lumpur as the Assistant Manager for 1978 and 1979. In 1980, he joined Harrisons Trading (Peninsular) Sdn Bhd as the Group Internal Auditor, and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until his retirement in 2006. Subsequent to his retirement, he set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd, as a consultant specialising in business process improvements and general business management services.

Presently, Mr Yeoh also sits on the Board of Chin Hin Group Berhad and Hextar Global Berhad. He has attended eleven (11) out of eleven (11) Board meetings held during FYE 2022.

TEH LI KING
Non-Independent Non- Executive Director
Malaysian, Male, Aged 44

Mr Teh was appointed to our Board on 8 March 2021. He holds a Master's degree in Business Administration from Charles Strurt University, Australia in 2003.

In 2000, Mr Teh joined Hong Leong Bank as the Account Relationship Executive, managing and developing portfolio of business banking clients. He then moved on to the metal industry from 2003 to 2007, dealing with ferrous and non-ferrous materials and products. During the years, he was heading the sales and marketing teams in PP Steel Service Centre Sdn Bhd, Rex Metal Packaging Berhad and subsequently Sumimetal Industries (M) Sdn Bhd.

In 2007, Mr Teh joined the chemicals manufacturing industry as the Assistant General Manager of Hextar Chemicals Sdn Bhd and is currently the Group Chief Operating Officer of Hextar Group of Companies. He oversees the corporate development, business strategies, human capital development as well as legal and compliance matters of Hextar Group of Companies. His vast industry experience covers the area of corporate management, banking and manufacturing.

Mr Teh is also sitting on the Board of SWS Capital Berhad and Opcom Holdings Berhad currently. He has attended eleven (11) out of eleven (11) Board meetings held during FYE 2022.

ADDITIONAL INFORMATION ON BOARD OF DIRECTORS

1. Family Relationship with Directors and/or Substantial Shareholders

None of the Directors of the Company have any family relationship with the other Directors and/or substantial shareholders of the Company.

2. Conflict of Interest

None of the Directors of the Company have any conflict of interest with the Company.

3. Convictions for Offences

None of the Directors of the Company have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year, other than traffic offences, if any.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' SRI GEY KA HONG
CEO
Malaysian, Male, Aged 48

Dato' Sri Gey Ka Hong is our CEO appointed on 8 November 2021. He is responsible for the Group's day-to-day operations. Dato' Sri Gey obtained his Diploma in Information Technology ("**IT**") from Informatics College in 1995.

Upon graduation, Dato' Sri Gey immediately started establishing his foothold in the IT Industry with the trading of IT related products and supplies through via a partnership, namely Universal Connections. Being in the ICT industry since 1995, he has brought with him a wealth of experience, business acumen and in depth understanding of the ICT industry.

Dato' Sri Gey remained with Universal Connections until 2003 whence he ventured into software design and applications for telecommunications leveraging on intranet. He then founded Global Forway Sdn Bhd in 2003, Wiseyes Solutions Sdn Bhd in 2004 and Global Survey & Services Sdn Bhd in 2016 with the combined innovation in telecommunications, software applications consultancy, dedicated broadband solutions and marketing solutions.

Dato' Sri Gey does not hold directorships in any other public companies and listed issuers. As at 31 March 2022, he does not hold any direct and indirect interest in the Company.

TAN ENG KIONG
Financial Controller
Malaysian, Male, Aged 47

Mr Tan Eng Kiong is our Financial Controller appointed on 1 September 2021. He is responsible for the Group's overall financial management and accounting affairs. He graduated with a Bachelor's Degree in Accounting from University of Malaya. He is also a Chartered Accountant of MIA.

Mr Tan has over 20 years of working experience in the commercial sector in the fields of accounting and finance. He started his career with a public listed company, and has held several senior finance positions in a number of private companies before joining the Group as the Financial Controller.

Mr Tan does not hold directorships in any other public companies and listed issuers.

ADDITIONAL INFORMATION ON KEY SENIOR MANAGEMENT

1. **Family Relationship with Directors and/or Substantial Shareholders**

   None of the Key Senior Management has any family relationship with the other Directors and/or substantial shareholders of the Company.

2. **Conflict of Interest**

   None of the Key Senior Management has any conflict of interest with the Company.

3. **Convictions for Offences**

   None of the Key Senior Management has been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year, other than traffic offences, if any.

While global supply chain is significantly impacted by the Covid-19 pandemic, HexTech and its subsidiaries ("**HexTech Group**" or "**the Group**") take cognisance of the importance in sustainability management for long-term value creation to all shareholders and stakeholders.

Reporting Scope and Cycle

This Sustainability Statement ("**Statement**") covers the Group's sustainability initiatives and efforts from three (3) core business segments covering logistics, warehousing and trading of building materials for the period from 1 April 2021 to 31 March 2022, unless otherwise specified.

Reporting Guidelines

This Statement is prepared based on all available internal information and in accordance to the relevant paragraphs of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") relating to Sustainability Statement as well as Bursa Securities Sustainability Reporting Guide 2nd Edition.

Materiality Assessment

Annual material matters assessment was conducted to reassess the Group's material sustainability matters within the contexts of Economic, Environmental, Social and the newly added section namely Governance, collectively known as ("**EESG**"). Kindly refer to the Material Matters Matrix within this Statement for further details.

Feedback

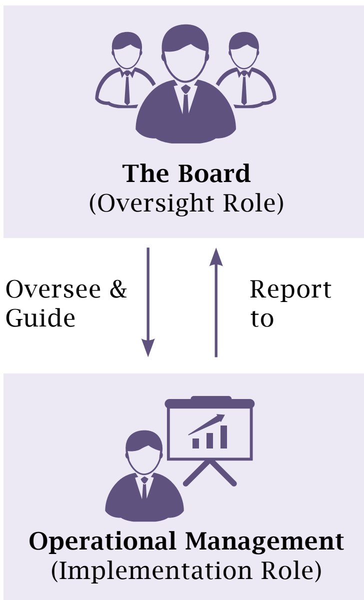
HexTech welcomes stakeholders' feedback and opinions to improve our sustainability measures and reporting standards. Feedback, enquiries and comments can be directed to info@hextar.com.

SUSTAINABILITY GOVERNANCE

We acknowledge that a sustainability governance structure is crucial in steering the Group's sustainability agenda.

In HexTech, the Board serves as the highest authority accountable for the Group's sustainability affairs. The Board holds the responsibility for sustainability goals and strategies setting, relevant decision making, stakeholders' relationship management as well as to provide advice and guidance to the management of the Group ("**Management**") in managing sustainability matters.

The Management, led by the Executive Director, is responsible to implement and monitor sustainability strategies in our daily operations across the Group. Heads of Department ("**HODs**") are tasked to put in place sustainability initiatives in their respective operational areas in order to drive the Group towards achievement of sustainability goals.



STAKEHOLDERS' ENGAGEMENT

A stakeholder is essentially an individual or a group that has an influence on, or is affected by HexTech Group and its business operation. A stakeholder-driven approach enables the Group to identify the salient sustainability risks and opportunities and establish appropriate strategies thereafter. In its deliberations, the Board has identified seven (7) major stakeholders relevant to HexTech as follows: -

Shareholders/ Investors | Vendors | Customers | Employees | Regulators/ Government Authorities | Financiers/ Banks | Local Communities

Effective stakeholders' engagement enables us to gain a better understanding of their concerns, requirements and expectations which in turn assist us in formulating of our sustainability strategies. In FYE 2022, we have engaged with identified stakeholders with the following approaches: -

No.	Stakeholders	Areas of Concern	Engagement Approaches
1	Shareholders/ Investors	• Investment risks and returns • Financial and operational performance • Corporate governance • Business management	• General meetings • Annual reports • Quarterly financial results • Announcements on Bursa Securities' website • Information via HexTech's website
2	Vendors	• Sustainable business relationship • Credit terms and timely payments • Transparent procurement procedures	• Business meetings • Phone and email communication
3	Customers	• Products and services quality • Competitive pricing and on-time delivery	• Business meetings • Phone and email communication
4	Employees	• Career development opportunities • Competitive remuneration and benefit packages • Human resources management • Occupational safety and health	• Performance appraisals • Operational discussions and meetings • Training and development programmes
5	Regulators/ Government Authorities	• Regulatory compliance • Licences and permits • Corporate governance • Accurate and transparent disclosures	• Periodic visits and inspections • Licences and permits renewal • Announcements on Bursa Securities website • Ad-hoc information disclosure
6	Financiers/ Banks	• Financial performance • Repayment capabilities	• Quarterly financial results • Announcement on Bursa Securities' website
7	Local Communities	• Employment opportunities • Environmental impacts from business operations • Community wellbeing	• Annual report • Company's website • Community outreach programmes

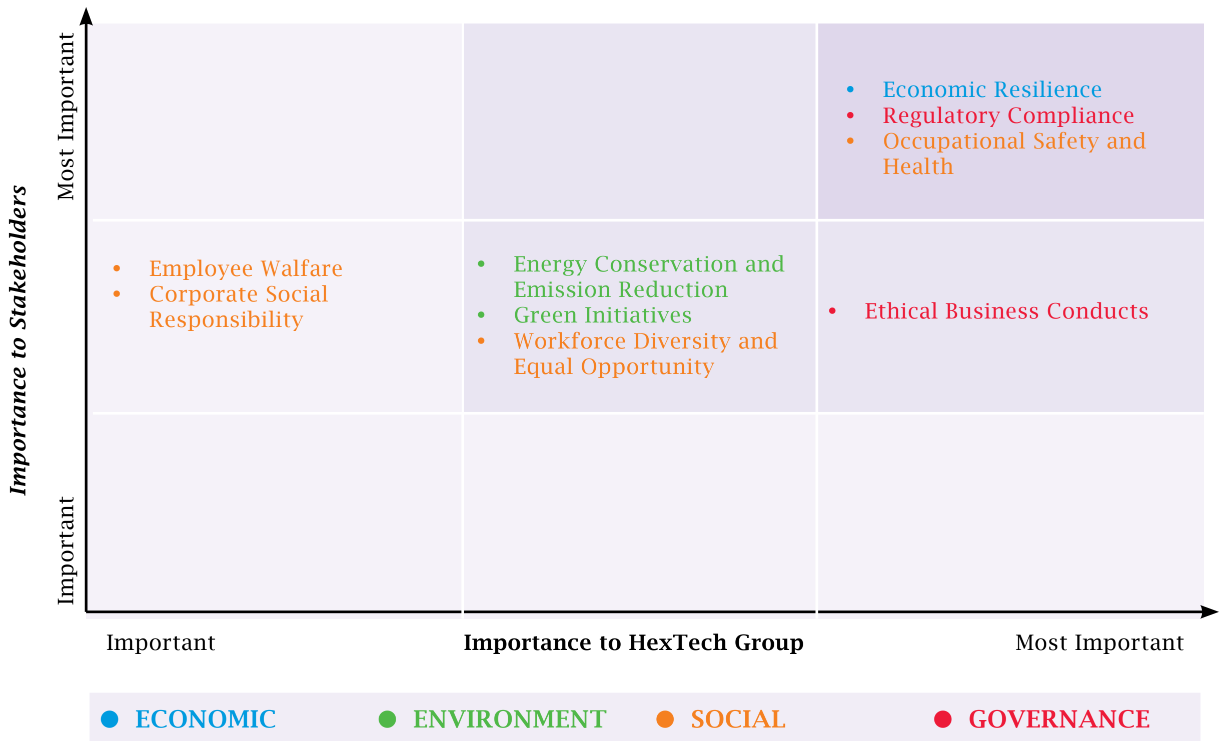
MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

Material Matters Matrix

Understanding stakeholders' concerns and expectations through regular engagements enable the Group to perform annual materiality assessment. Materiality assessment is essential for HexTech to identify and prioritise the relevant material sustainability matters in order to ensure appropriate focus and allocation of resources to achieve our sustainability objectives. In FYE 2022, we have reassessed the material matters identified in prior years and identify any new material matter(s) within the EESG contexts with the similar assessment approach as below: -

Identification	Assessment	Prioritisation
To identify sustainability matters which are pertinent to the Group's operations and stakeholders' interests	To evaluate the identified material matters from both business and stakeholders' perspectives	To rank each material matter according to the analysis of impact to the Group and the stakeholders respectively

Given the varied and extensive impacts on the Group and stakeholders analysed from the said assessment, we have identified and ranked nine (9) key areas that matter the most to the Group and various stakeholders, as illustrated in the following Material Matters Matrix: -



MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

Sustainability Strategies

A global call for sustainability actions, the United Nations Member States have initiated the 2030 Agenda for Sustainable Development to promote 17 Sustainable Development Goals ("SDGs") in 2015. This year, we have also pitched in by mapping five (5) relevant SDGs into our sustainability strategies as follows: -

	Material Matters	Stakeholders	Sustainability Strategies	SDGs
Economic	• Economic Resilience	• Shareholders/ Investors • Vendors • Customers • Financiers/Banks	Adoption of business expansion and diversification strategies to sustain the Group's business for long-term value creation.	8 DECENT WORK AND ECONOMIC GROWTH
Environmental	• Energy Conservation and Emission Reduction • Green Initiatives	• Employees • Local Communities	Implementation of policies and procedures as well as green actions to preserve the environment.	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Social	• Occupational Safety and Health • Workforce Diversity and Equal Opportunity • Employee Welfare • Corporate Social Responsibility	• Employees • Local Communities	Adoption of measures and initiatives to create a conducive workplace and nourishing community.	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 10 REDUCED INEQUALITIES
Governance	• Regulatory Compliance • Ethical Business Conduct	• Shareholders/ Investors • Employees • Regulators/ Government Authorities	Implementation of several policies and procedures to strictly comply with all applicable laws and regulations.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ECONOMIC

ECONOMIC RESILIENCE

Despite sporadic disruptions to the global economy resulting from the Covid-19 pandemic and geopolitical uncertainties, we are delighted to announce that we have achieved a significant financial improvement with a 169.3% revenue growth in FYE 2022 as compared to FYE 2021.

Meanwhile, our net profit growth of 258.0% YoY in FYE 2022 was resulted from the exceptional gain from disposal of subsidiaries during the financial year. Further details can be referred to Management Discussion & Analysis section within this Annual Report.

REVENUE

+169.3% | **RM114.0 mil**
FYE 2021: RM42.3 mil

PAT

+258.0% | **RM12.7 mil**
FYE 2021: RM3.6 mil

Our economic resilience in FYE 2022 was mainly due to our successful implementation of the following effective business strategies: -

(a) New Business Venture and Expansion

Notwithstanding that HexTech Group is operating in the logistics industry, we do not restrict ourselves in utilising resources and optimising opportunities. This year, we have expanded our footprint by tapping into the trading of building materials segment. Such expansion is supported by our trading-related subsidiaries, CIBC Technology Sdn Bhd and Island Network Sdn Bhd, as well as our newly acquired subsidiary, Hextar Marketing Sdn Bhd.

The trading segment has emerged as our major revenue contributor in FYE 2022, accounting for 78.8% of our total revenue. In conjunction with the economic recovery and resumption of construction activities, we are optimistic in our trading of building materials segment and will continue to seek and grab any arising opportunities to sustain our business and economic growth, in line with SDG Target 8.1.

(b) Grooming and Growing Rental Income

In line with our business roadmap to grow our rental income by utilising our leased industrial land assets, we have completed the construction of a warehouse in Port Klang Free Zone, Pulau Indah in FYE 2021. The said warehouse has contributed positively to the Group in FYE 2022 by generating more rental income with a lock in period. With this, our revenue generated from warehouse segment has improved significantly by 112.0% in FYE 2022.

The Group has also recently completed an acquisition of 2.4 acres of industrial land in Mukim Klang for our warehousing business expansion purpose. We are dedicated to continue to strategise our business and assets management in order to maximise our profits.

(c) Exit Strategy

The Group has undertaken the disposal of non-performing business in marine transportation segment and also disposed several non-core subsidiaries and assets in order to strengthen our liquidity and cash flow position while providing additional working capital for our other business operations and expansions.

ECONOMIC (CONT'D)

ECONOMIC RESILIENCE (CONT'D)

Moving forward, we are looking into the window of opportunity to diversify the Group's business into the technology business via development and implementation of IoT based software applications as well as support and maintenance services for the software applications and infrastructure, and other related ICT business activities such as IoT software enhancement services, sales and/or upgrade of infrastructure, software licences and monitoring tools, and data integration.

As advocated by SDG Target 8.1, whilst we strive to achieve business sustainability internally, we endeavour to contribute to local economic growth as well. In this regard, we have engaged 100% local vendors and suppliers for our materials/supplies sourcing in FYE 2022, which in turn contribute toward stimulating our local economy.

ENVIRONMENTAL

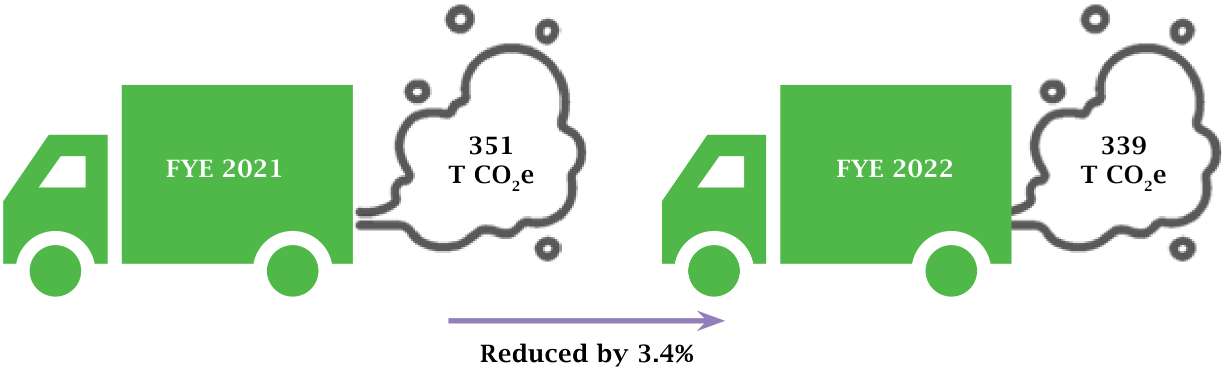
ENERGY CONSERVATION AND EMISSION REDUCTION

We are well aware of the environmental impact that our logistics business segment brings to the surrounding environment. It is our responsibility to control diesel fuel consumption in order to minimise transport-related carbon footprint. In this regard, we uphold SDG Target 8.4 and 12.2 to grow our business in a more sustainable way by minimising the environmental degradation on a best effort basis.

In order to manage our fleets' performance effectively and efficiently, we have implemented a "Total Dynamic System" since 2015 to monitor fuel consumption, fuel level sensor, skid tanks and track fleet vehicles via Global Positioning System ("GPS") tracking system and devices. Our Operation Manager holds the responsibility to monitor and report the same to the Senior Management on a regular basis.

Meanwhile, in conjunction with the disposal of our non-performing business in marine transportation segment together with the disposal of all vessels this year, the Group's marine gas oil consumption was totally halted.

For our logistics business segment, we had consumed lower diesel at 1,262,260 litres in FYE 2022 as compared to 1,307,522 litres in FYE 2021 mainly due to lower business volume in light of the slow recovery resulting from Covid-19 pandemic. The diesel consumption for our fleet vehicles translates to an estimated carbon emission of about 339 t CO_2e in FYE 2022 as compared to 351 t CO_2e in FYE 2021.



ENVIRONMENTAL (CONT'D)

GREEN INITIATIVES

Aside from energy management for business operations, we also promote green thinking and green actions in our workplace for a "greener" future. In line with SDG Target 12.5, we practice 4R, namely reduce, reuse, recycle and recovery, as our healthy office habits. We advocate the principles of 4R in conserving natural resources and reduce waste production in an attempt to conserve energy and preserve mother nature.

Here in HexTech, we promote our green initiatives as follows: -

- To encourage paperless transaction by adopting electronic payments and e-documents;
- To reduce electrical consumption by switching off lights and air conditioner whenever not in use;
- To reduce carbon emission from travelling by using online communication platform, such as WhatsApp and Zoom, for meeting and discussion purpose;
- To reuse waste paper for drafting purpose before recycling them; and
- To recycle paper, plastic and aluminium waste, whenever possible.

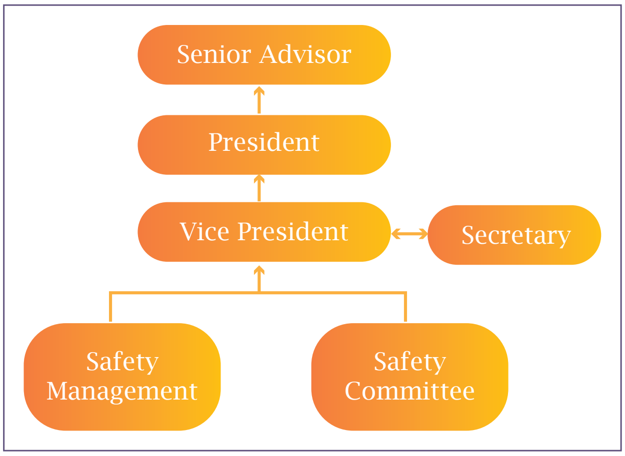
SOCIAL

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health ("OSH") are of paramount importance to the Group, especially for the logistics business segment in view of the business nature where we are exposed to a higher risk of road accidents.

The Group has established an OSH Committee to monitor OSH regulatory compliance and oversee OSH affairs within the Group such as the implementation of Safety, Health and Environmental ("SHE") Policy.

The OSH Committee comprises representatives from various business segments within the Group to ensure a more comprehensive OSH management to cover the entire Group's operations.



Within our OSH Committee structure, the Senior Advisor is the director of our subsidiaries, who holds the responsibility to advise and manage the Group's overall OSH matters under his collective oversight.

Our Financial Controller acts as the president of the OSH Committee and is supported by our Operation Manager, who is the vice president of the OSH Committee.

Safety Management and Safety Committee are represented by the Management and employees respectively.

SOCIAL (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH (CONT'D)

As advocated by SDG Target 3.6 and SDG Target 8.8, we placed heavy emphasis on OSH management with the implementation of the SHE Policy to protect our drivers, warehouse employees and office personnel as follows: -

SHE Policy

- To ensure road safety by taking the following safety measures: -
  - Execute operations in a safe manner
  - Comply with the use of safety belts
  - Comply with regulated speed limit, driving time and working hours
  - Prohibit the use of phones during driving
  - Implement hazard risk analysis
  - Prohibit drug and alcohol consumption during driving
  - Comply with Journey Management Plan ("**JMP**")
- To ensure continuous compliance of the SHE Policy in upholding the highest standard of safety
- To create and possess OSH awareness in workplace
- To comply with all applicable laws and regulations
- To comply with environmental regulations in order to preserve the environment

Under our stringent OSH management, we are pleased to highlight that no work-related injury or accident was report in the FYE 2022. We are committed to improve and maintain our stringent OSH management continuously in order to protect our people's health and safety at all times.

With regards to the Covid-19 pandemic, we have put in place several preventive measures and controls in our workplace by following the Covid-19 related SOP imposed by the Malaysian Government, as follows: -

- MySejahtera Check-In
- Temperature Scanning at Office Entrance
- Social Distancing
- Mandatory Wearing of Face Mask
- Work From Home
- Weekly Office Sanitising
- Biweekly RTK Test for Employees and Compulsory RTK test for Visitors for Every Visit
- Compulsory Quarantine for Covid Positive Employees and Close Contacts

In FYE 2022, we have incurred a total of RM10,087 on Covid-19 precautionary measures within the Group. During the financial year, one-third of our employees were reported Covid-19 positive, and all of them have fully recovered. As at 31 March 2022, all our employees have been vaccinated with at least two (2) compulsory doses and 80% of our employees have received the booster dose.

SOCIAL (CONT'D)

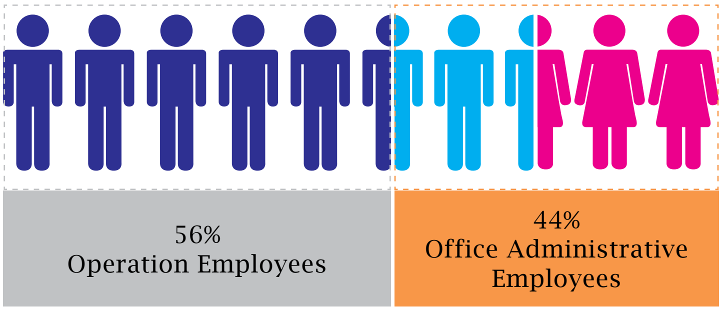
OCCUPATIONAL SAFETY AND HEALTH (CONT'D)

We are optimistic of our outlook following the Malaysian Government's announcement for transition from pandemic to endemic phase effective from 1 April 2022. In spite of that, we will continue to maintain good hygiene practices at our workplace so as to uphold the highest OSH standard in the Group, in line with SDG Target 6.2.

WORKFORCE DIVERSITY AND EQUAL OPPORTUNITY

In HexTech, our people are the Group's most valuable asset. We embrace a dynamic workforce that come with a right mix of cultural background, gender, knowledge, skills, experience, age as well as belief and religions to inspire greater creativity and productivity.

As at 31 March 2022, the Group has a total of 95 employees, of which male employees make up the majority of workforce in view of our business nature. In HexTech Group, our workforce is segregated into operation role and office administrative role, of which the entire operation workforce is made up of 100% male representation. Nevertheless, with SDG Target 10.3, we encourage women participation in all positions, where 60% of our workforce in office administration roles are female employees, as illustrated below: -



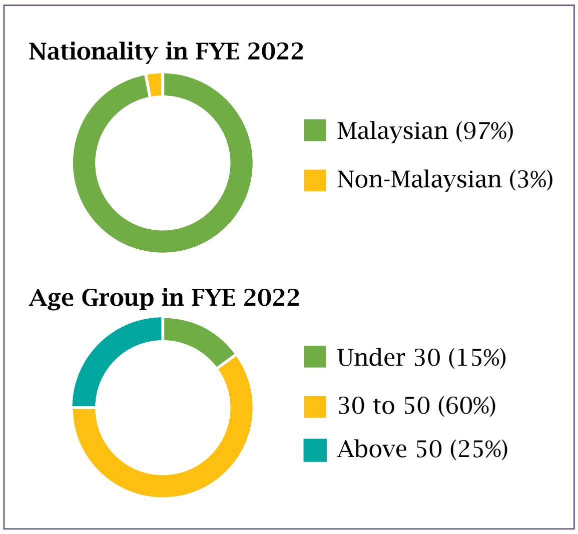
74% Male
26% Female
in total workforce

40% Male
60% Female
in office administrative roles

Apart from gender diversity, we also value diversification in nationality and age group to drive innovation in the Group.

We provide equal employment opportunities to people from different nationalities while taking into consideration compliances with Malaysia Employment Laws, Regulations and Standards such as Immigration Act 1959/63. However, due to the foreign worker ban imposed in tandem with the enforcement of MCO, there was a drastic decrease in the employment of foreigners in the Group for FYE 2022. As a result, approximately 97% of our workforce as at 31 March 2022 are Malaysian with the remaining 3% as foreigners (31 March 2021: Malaysian 64%; Non-Malaysian 36%).

Meanwhile, we appreciate the value creation from different age groups where the senior employees may bring value to the Group by sharing their experience and provide guidance to our young talents while the younger employees may bring energy and new perspective to the Group.

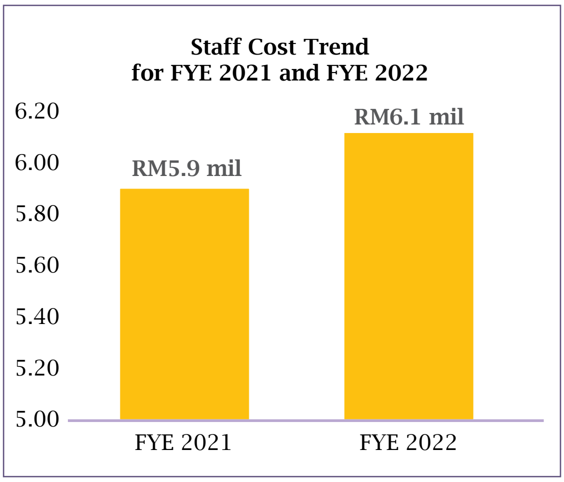


SOCIAL (CONT'D)

WORKFORCE DIVERSITY AND EQUAL OPPORTUNITY (CONT'D)

Our total workforce has reduced from 123 employees as at 31 March 2021 to 95 employees as at 31 March 2022. Despite the decrease in total workforce, we have incurred higher staff cost in FYE 2022, an increase by 3.4% from RM5.9 million in FYE 2021 to RM6.1 million in FYE 2022. This was mainly due to salary and wages incurred for newly joined Management staff and manpower recruitment in trading segment. In addition, we focus on talent retention as part of our workforce sustainability management.

In view of the reopening of the economy and lifting of foreign worker ban, we will continue to recruit more talent to drive the Group's growth.



EMPLOYEE WELFARE

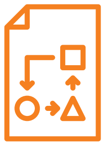
In HexTech, we treasure our people's contributions and endeavour to empower our employees while taking good care of their wellbeing so as to create a conducive working environment. In protecting our people, we strictly comply with the Malaysian Employment Act 1955 and the Minimum Wages Order 2022 by upholding the following four (4) key principles: -

Fair Recruitment

Selection of candidates for recruitment are made in a fair and transparent manner with regards to merits and guided by respect, diversity, integrity and accountability.

Humane Treatment & Non-Discrimination

All employees are treated equally without discrimination on any race, gender, age, nationality, religion and political opinion. Any harsh treatment is strictly prohibited.



Employment Freedom

Employees possess the freedom to choose their desired career path upon reasonable notice.

Regulated Working Hours, Wages and Benefits

HexTech adheres to all applicable employment laws in Malaysia at all times. All employees are clearly informed about their wages and benefits and shall be paid on a timely basis.

SOCIAL (CONT'D)

CORPORATE SOCIAL RESPONSIBILITY

We make a living by what we get, but we make a life by what we give. Caring for our employees is part of our efforts to create workforce sustainability, whereas caring for the community is our broader goal to enrich and improve the quality of lives in our community as a whole.

On 2 March 2022, we had donated five (5) boxes of face mask to an orphanage, Good Samaritan Home, to ensure that the orphans have access to adequate protection during Covid-19 pandemic. The donation of face mask amounted to a total value of RM5,500.

GOVERNANCE

REGULATORY COMPLIANCE

Here in HexTech, we promote a "Compliance Culture" where we place high emphasis on regulatory compliance. We are obliged to abide by all applicable laws, rules and regulations which are applicable to the Group, including but not limited to the following: -

Section	Standards, Laws and Regulations
Labour	• Employment Act 1955 • Minimum Wages Order 2022 • Personal Data Protection Act 2010 • Workmen Compensation Act 1952 • Employees' Social Security Act 1969 • Employees Provident Fund Act 1991 • Income Tax Act 1967
Safety, Health and Environment	• Occupational Safety & Health Act 1994 • Environmental Quality Act 1974 • Fire Service Act 1988 • Standard Operating Procedures ("**SOP**") in relation to Covid-19 by MITI • Guidelines Covid-19 Management in Malaysia No.5/2020 by Ministry of Health ("**MOH**")
Transportation	• Road Transport Act 1987 ("RTA 1987") • Weight and Measures Act 1972 • Weight Restriction Order (Federal Road)

For our logistics business segment, we are mindful of the compliance to RTA 1987 to ensure our drivers and vehicles are operating within permissible and safe conditions. In compliance with the RTA 1987, all commercial vehicles are required to undergo routine inspection at PUSPAKOM every six (6) months or once a year depending on vehicle age. All our vehicles have fulfilled the standard limits and have passed all PUSPAKOM tests, including the measurement tests for emission of smoke and gasses within the specific legal limit of 50%.

We are glad that we have not been imposed with any fines nor any non-monetary sanctions for non-compliance in any applicable laws, rules and regulations (FYE 2021: Nil) and we will continue to uphold strict adherence to regulatory compliances.

GOVERNANCE (CONT'D)

ETHICAL BUSINESS CONDUCT

HexTech Group is committed to fair and transparent business dealings by upholding the highest level of business integrity at all times. In this regard, the Company has established the Code of Ethics and Conduct ("**the Code**") to serve as a formal guideline for all Directors and employees to execute with due professional care in line with all applicable rules and regulations. The Code covers mainly the key areas including corporate governance, relationship management with various stakeholders as well as responsibility towards social and environment.

On the other hand, the Group strives to promote a bribery and corruption-free working environment in line with SDG Target 16.5. To this end, the Company has put in place an Anti-Corruption, Gifts and Entertainment Policy ("ACGEP") to clearly demonstrate our responsibility, policies and procedures towards a transparent and professional workplace. The ACGEP has also outlined the consequences for any violation of the said policy, indicating our zero-tolerance against any form of bribery and corruption within the Group.

To support the implementation of the Code and ACGEP, HexTech has also developed a Whistle Blowing Policy ("**WBP**") to serve as a platform for all employees and stakeholders to raise concerns or make report without fear of retaliation. Upon receiving report of any misconduct and wrongdoings, a whistleblower who reports in good faith will remain anonymous and an investigation will be carried out independently and appropriately thereafter. Necessary disciplinary action will be taken against the wrongdoer if found guilty.

All the Code, ACGEP and WBP are published at the Company's website for the public's reference at https://ir2.chartnexus.com/complet/corporate-governance.php.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of HexTech remains committed towards ensuring that high standards of corporate governance is maintained throughout the Group. Hence, the Board is fully dedicated to continuously evaluate the Group's corporate governance practices and procedures with a view to ensure the principles and best practices in corporate governance as promulgated by the MCCG 2021 are applied and adhered to in the best interests of the stakeholders.

The Board is pleased to report to the shareholders the manner in which the Group has applied the principles and complied with the best practices of the MCCG 2021 during the financial year, taking into consideration of the three (3) key corporate principles and practices as set out in the MCCG 2021, which are: -

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement should be read together with the Company's Corporate Governance Report ("CG Report") which provides details explanation on the application of the corporate governance practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities

The Board is entrusted with and is responsible for the overall strategic leadership, identification and management of principal risks, and development and control of the Group. The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company: -

- reviewing and approving the strategic corporate plan of the Group;
- overseeing the conduct of the Group's business operations and performance;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- reviewing the adequacy and integrity of the Group's internal control system;
- ensuring succession planning for top Management;
- charting and setting the direction and objectives of the Group, as well as each individual business unit within the Group; and
- approving new ventures, material acquisitions and disposals of undertakings and properties.

The Board has adopted a Board Charter which outlines the Board's roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulation affecting their conduct.

Chairman

Datuk Iskandar Bin Sarudin, serving as the Chairman of the Board in the Company as an Independent Non-Executive Director. He is responsible for the establishment of good corporate governance practices and the overall effectiveness of the Board. Without being involved in day-to-day operations and management, by occupying his independent position, he is able to make objective judgements and ensure that the business strategies recommended by the executive directors and Management are in the best interests of the company and shareholders.

In view of Datuk Iskandar Bin Sarudin currently also acting as the chairman of the NRC and RMC, as well as being a member of AC, the Board is in the process of finding a suitable candidate to assume the role of chairman for the NRC and RMC as well as a member of the AC or failing which to redesignate another independent director as chairman for the NRC and RMC.

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

Roles of Chairman and CEO

The positions of Chairman and CEO are held by different individuals to ensure there is a balance of power and authority.

The Chairman of the Board, Datuk Iskandar Bin Sarudin is primarily responsible for instilling good corporate governance practices, leadership and effectiveness of the Board and the CEO, Dato Sri Gey Ka Hong is responsible for the daily management of the Group's operations and implementation of the policies and strategies adopted by the Board.

The clear lines of roles and responsibilities of the Chairman and CEO have been clearly specified in the Board Charter, which is available on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

Company Secretary

The Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms Wong Mee Kiat and Mr Ng Heng Hooi. Both Company Secretaries are member of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**").

They are responsible to ensure that the Board procedures are in compliance with relevant laws and regulations as well as to advise the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements. The Company Secretaries attend and ensure that all board and board committee meetings are properly convened and properly recorded.

Access to Information

In carrying out its duties, the Board is given full and unrestricted access to all information relating to the Group.

All Board and Board Committee meetings are scheduled in advance to enable the Board members to reserve their dates for the meetings. In facilitating the meetings, all notices of meetings together with the agenda, minutes of previous meetings and other relevant supporting papers are circulated to all Board members at least five (5) business days before the scheduled meetings. This is to ensure that all Board members have sufficient time to review and peruse such matters accordingly and, if necessary, to obtain further information and clarification in order to facilitate a well-informed decision making process during the meetings.

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

Access to Information (Cont'd)

The Board meets at least once every quarter and additional meetings are convened as and when required. During FYE 2022, the Board met eleven (11) times, where they deliberated and considered matters relating to the Group's financial performance, investments, corporate development, strategic issues and business plan. The meeting attendance records of the Directors who held office are set out below: -

Designation	Name	Directorship	No. of meetings attended
Chairman	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman	11/11
Member	Dato' Ong Chong Yi	Independent Non-Executive Director	11/11
Member	Yeoh Chin Hoe	Independent Non-Executive Director	11/11
Member	Teh Li King	Non-Independent Non- Executive Director	11/11
Member	Ronald Khoo Boo Soon *(Appointed on 15 June 2021)*	Executive Director	9/9 (*)
Member	Law Hee Ling *(Resigned on 22 October 2021)*	Managing Director	4/4 (*)
Member	Chia Kah Ying *(Resigned on 22 October 2021)*	Executive Director	4/4 (*)

** Note: Reflects the number of meetings held during the time the Director held office.*

Board Charter

The Board has adopted a Board Charter which articulates the roles and responsibilities of the Board, Board Committees, individual directors and management as well as the matters that are reserved for the Board's deliberation and decision.

A copy of Board Charter adopted is accessible on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

Code of Ethics and Conducts

The Group has in place the Code for all Directors and employees to promote the corporate culture which engenders ethical conduct that permeates throughout the Company.

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the ACGEP has also been established with the objective to foster the development of a business environment free of bribery and/or corruption.

The Code and ACGEP are published on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

Whistle Blowing Policy

The Group has adopted a WBP that provides guidelines for all Directors, employees of the Group and stakeholders to voice genuine concerns of any suspected wrongdoings, business misconduct, or malpractices without fear of retaliation or being victimised.

A copy of the WBP is available on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

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

Sustainability

The Board believes that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to building business resilience and sustained outcomes.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to material sustainability matters and the Group's overall strategy and operations in order to promote and build sustainability momentum within the Group.

The Board acknowledges the importance of communication of its sustainability priorities, targets and performance to its internal and external stakeholders. Annual disclosure pertaining to the sustainability related activities of the Group, including but not limited to the material sustainability and engagement with the stakeholders can be found in the Sustainability Statement of this Annual Report which is available on Bursa Securities website and the Company's website at https://ir2.chartnexus.com/complet/annual-report.php.

Board Composition

The NRC is responsible for reviewing the Board's composition, size and structure regularly, as well as making recommendations to the Board with regard to changes that are deemed necessary.

The composition of the Board complies with the Paragraph 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) directors or one-third (1/3) of the Board, whichever is greater, are independent directors. Currently, the Board has five (5) members. More than half of the Board comprises Independent Non-Executive Directors as follows:-

No.	Name	Directorship
1.	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
2.	Dato' Ong Chong Yi	Independent Non-Executive Director
3.	Yeoh Chin Hoe	Independent Non-Executive Director
4.	Teh Li King	Non-Independent Non- Executive Director
5.	Ronald Khoo Boo Soon	Executive Director

The profiles of each Director are set out in the Directors' Profile in this Annual Report.

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

Board Composition (Cont'd)

The Board has assumed the onus of determining and overseeing the training needs of the Directors. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend training programmes, seminars and forums in accordance with their respective needs in discharging their duties as Directors. During FYE 2022, the Directors have attended the following training programmes/ seminars/ forums:

Name of Director	Training programmes/ seminars/ workshop attended
Datuk Iskandar Bin Sarudin	• ERM Awareness
Dato' Ong Chong Yi	• Digital City Development in The Post-Covid Era • China-Asean Trade and Economic Cooperation Forum Commemorating The 30th Anniversary of China-Asean Dialogue Relations, Nanning • Malaysia-China Entrepreneur Conference MCEC 2021 • International Forum on Free Trade Zones Development • UM's AEI - Huawei Roundtable Discussion: Post-Covid-19 National Economic Recovery
Yeoh Chin Hoe	• Sustainable Finance: Making Better Financial Decisions • Board and Audit Committee Priorities 2021 • Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance • What You Need to Know About Whistleblower Protection Act 2021 • Implementing ESG Practice in the Organization • Malaysia Post-Budget 2022 Roundtable Discussion, Recovery, Resilience and Reform
Teh Li King	• Understanding Listing Requirements and Guidance on Corporate Disclosure Policy with Case Studies • Sustainability Reporting Workshops for Practitioners: Scope and Materiality in Sustainability Reporting • Increasing Productivity by Optimizing Work Life Balance • Implementing ESG Practices in the Organisation
Ronald Khoo Boo Soon	• Mandatory Accreditation Program • Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance

During the year, the NRC had reviewed and assessed the experience, skills, time commitment and expertise of the Directors who are due for re-election and was satisfied that they had fulfilled the required fit and proper criteria set by the Board.

Tenure of Independent Director

The tenure of an Independence Director does not exceed a cumulative term limit of nine (9) years since his appointment as an Independence Director as recommend by Practice 5.3 of MCCG 2021. If the Board intends to retain an Independence Director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.

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

Diverse Board and Senior Management Team

The Board has adopted a Fit and Proper policy for the appointment and re-election of Directors.

The appointments of our Board members and Senior Management are made based on the prescribed set of criteria, including but not limited to core character, integrity, experience and competency and time commitment. This is to ensure that there is a range of professional knowledge, skills, experience, diversity and understanding of the business, the markets and the industry in which the Group operates in order to support the Group's business operations.

The current composition of Board and Senior Management reflects a mix of qualified and experienced professionals in the field of business administration, accounting, legal and public management. The profile of Directors and the Senior Management can be found on pages 15 and 18 respectively.

The Directors' Fit and Proper Policy is made available on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

New Candidates for Board Appointment

For the succession planning to the Group, the Board through the NRC is responsible for overseeing the screening and recruitment process and for making recommendations for new director candidates.

In recruiting and evaluating new director candidates, the NRC will consider the following primary criteria: -

- the composition requirements for the Board and Board Committees;
- taking into consideration the assessment of the Fit and Proper policy;
- the candidates' independence, in the case of an independent non-executive director; and
- the capability to devote the necessary time and commitment to the role.

If the selection of candidates was solely based on recommendations made by existing Board, Management or major shareholders, the NRC should explain why other sources were not used.

Appointment and Re-election of Directors

When appointing a Director, the NRC will consider the experience, skill, competency, knowledge and potential contribution of the candidate. The NRC recommends suitable candidates to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise among its members. The profiles of each Director are set out in the Directors' Profile in this Annual Report.

In accordance with the Company's Constitution, Directors who are appointed by the Board during the financial period before an Annual General Meeting ("**AGM**") are subject to retirement and shall be eligible for re-election by the shareholders at the AGM of the Company to be held following the new directors' appointment.

The Constitution further provides that, one-third (1/3) of the Directors are required to retire from office at each AGM and all Directors shall retire at least once every three (3) years. The NRC would identify the directors to retire ("**Retiring Directors**") in accordance with the Constitution of the Company and assess the Retiring Directors' eligibility for re-election.

Based on the satisfactory evaluation of the respective director's performance and contributions to the Board, the NRC then recommends to the Board the re-election of the Retiring Directors at the forthcoming AGM.

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

Nomination and Remuneration Committee

On 22 February 2022, the Board approved the combination of the Nomination Committee and Remuneration Committee into a single committee known as the "Nomination and Remuneration Committee" ("**NRC**").

The NRC comprises three (3) Independent Non-Executive Directors and is chaired by Datuk Iskandar Bin Sarudin, the Independent Non-Executive Chairman of the Company.

The present members of the NRC and the meeting attendance records of the NRC prior to the combination of both Nomination Committee and Remuneration Committee are stated as follows:

Designation	Name	Directorship
Chairman	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
Member	Dato' Ong Chong Yi	Independent Non-Executive Director
Member	Yeoh Chin Hoe	Independent Non-Executive Director

Name	No. of Nomination Committee meeting attended	No. of Remuneration Committee meeting attended
Datuk Iskandar Bin Sarudin	2/2	3/3
Dato' Ong Chong Yi *(Appointed on 3 January 2022)*	2/2	1/1(*)
Yeoh Chin Hoe	2/2	3/3

** Note: Reflects the number of meetings held during the time the Director held office.*

The NRC is primarily responsible for overseeing the selection and assessment of Directors for appointment, re-election or re-appointment to the Board and Board Committees as well as review and recommend remuneration of Directors and Senior Management. The detailed roles and responsibilities of the NRC have been specified in the Terms of Reference of the NRC, which is available on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

Gender Diversity

The Board currently does not have a written policy on the gender diversity.

The Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. In this respect, the Board is currently considering suitable female candidates who can bring value, skills and expertise to be appointed to the Board. Such candidate will be selected based on objective merited factors, such as competency, integrity, character, time commitment and relevant experience which are important for the consideration in meeting the Group's need.

Annual Evaluation

The Board has conducted an internally facilitated Board assessment to review the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director.

The evaluation process was based on self/peer assessments whereby the Directors assessed themselves and also the Board as a whole as well as the performance of each Board Committee. It includes among others, fit and proper, contribution and performance as well as calibre and personality. In addition, the criteria for assessing the independence of an Independence Director include the relationship between the Independent Director and the Group and his or her involvement in any significant transaction with the Group.

The assessment completed are then summarised and tabled at the NRC meeting and subsequently reported to the Board.

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

Remuneration Policy

Although the Board has yet to put in place a written remuneration policy on the remuneration of Directors and Senior Management, the NRC has informal procedures to determine their remuneration.

Generally, the NRC takes into consideration of the following factors in determining the remuneration of the Directors and Senior Management: -

- role and responsibilities;
- commitment to the Board and the Group;
- peers' practices;
- demands; and
- complexities and performance of the Group.

The NRC is responsible to review the Directors' fees and benefits before recommending the same to the Board for shareholders' approval at the forthcoming AGM.

Remuneration of Directors

The NRC takes into consideration of the factors such as individual responsibilities, commitment to the Board and the Group, complexities and performance of the Group and other factors in determining the remuneration of the Directors.

The collective remuneration paid or payable to the Directors is disclosed in Note 31 to the Financial Statements on page 116 of this Annual Report and the detailed breakdown by name of the remuneration paid or payable to all Directors of the Company during the FYE 2022 is available in Practice 8.1 of the CG Report.

Remuneration of Senior Management

The Board is of the opinion that the disclosure of detailed remuneration of the Senior Management on a named basis would not be in the best interest of the Group given the competition for talent within the industry and the sensitive nature of remuneration information that could create friction amongst employees.

As an alternative to the recommended practice, the Board has opted to disclose the range of remuneration of Senior Management of the Group in bands of RM50,000 on an unnamed basis in Practice 8.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Chairman of Audit Committee

The Board has established the AC with the primary objective of providing an independent oversight of the Group's financial reporting, risk management and internal control systems to ensure appropriate controls and counterbalances within the Group, in particular to ensure compliance with applicable accounting and financial reporting standards as well as the quality of the internal and external audits carried out.

The AC is chaired by Mr. Yeoh Chin Hoe, an Independent Non-Executive Director who is not the Chairman of the Board.

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

Former Key Audit Partner

In order to safeguard the utmost independence of the AC, the Board has Terms of Reference of the AC in place, which includes a policy that requires former key audit partners who were part of the engagement team who made key decisions or judgements on significant matters with respect of the audit of the financial statements of the Group, to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The Terms of Reference of the AC is available on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

Relationship with Auditors

The Terms of Reference of the AC has outlined the roles and responsibilities of the AC in reviewing the suitability, objectivity and independence of the external auditors.

The AC reviews and assess the independence of the external auditors on a yearly basis and the external auditors, in supporting their independence, provides the AC with an assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.

In addition, the terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the external auditors are reviewed and evaluated annually by the AC. During FYE 2022, the fees paid/payable to the external auditors for the provision of statutory audit and other audit services are as follows: -

Fees paid/payable to the external auditors	Company (RM)	Group (RM)
Statutory audit	145,500	227,375
Other audit service	5,000	5,000

Composition of AC

The present members of the AC are stated as follows: -

Designation	Name	Directorship
Chairman	Yeoh Chin Hoe	Independent Non-Executive Director
Member	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
Member	Dato' Ong Chong Yi	Independent Non-Executive Director

Financial Literacy of AC Members

Mr. Yeoh Chin Hoe, the chairman of the AC, is a Chartered Accountant of MIA, a FCCA, a fellow member of Institute of Chartered Secretaries and Administrators (UK) and a member of the Malaysian Institute of Certified Public Accountants. He has been involved in accounting and financial functions for more than 30 years.

The AC is aware of the importance of continuous professional development and have attended relevant training programmes/ seminars in order to upskill themselves and keep themselves abreast of the latest market developments relevant to the growth and performance of the Group. The particulars of the training programmes attended by the Chairman and members of the AC during FYE 2022 are available in the Principle A of the Corporate Governance Overview Statement within the Annual Report and also the Company's CG Report.

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

Risk Management and Internal Control

Supported by the RMC, the Board reaffirms its overall responsibility for establishing a robust risk management framework and internal control system, in order to protect shareholders' investments and the Group's assets.

An overview of the risk management and internal controls within the Group is set out in the Statement of Risk Management and Internal Control of this Annual Report.

Composition of RMC

The Board has established a RMC which comprises of all Independent Directors to oversee the Company's risk management framework and policies as below: -

Designation	Name	Directorship
Chairman	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
Member	Dato' Ong Chong Yi	Independent Non-Executive Director
Member	Yeoh Chin Hoe	Independent Non-Executive Director

Internal Audit Function

The Group's internal audit function is outsourced to a professional firm, Tricor Axcelasia Sdn. Bhd., to provide an independent and objective review on the overall adequacy of the internal control system of the Group.

The internal audit team is led by their Executive Director, Mr Chang Ming Chew, who is a member of Certified Internal Auditor ("**CIA**"), Certification in Risk Management Assurance ("**CRMA**"), Institute of Internal Auditors ("**IIA**") Malaysia, the Association of Chartered Certified Accountants ("**ACCA**") and Chartered Accountant Malaysia ("**CA(M)**"). Five (5) staff were allocated to support the conduct of audit engagement during FYE 2022. The internal audit function was carried out in accordance with global recognised frameworks, namely the International Professional Practice Framework ("**IPPF**") and Committee of Sponsoring Organisations Framework ("**COSO**").

The outsourced Internal Auditor reports directly to the AC in relation to the findings noted from the audit conducted along with the relevant applicable recommendations for their consideration and implementation.

Further details of internal audit function are set out in the AC Report and Statement of Risk Management and Internal Control of this Annual Report.

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

Communication with Stakeholders

The Board, in its best efforts, keeps the shareholders and stakeholders informed of the Company's business and corporate developments and ensures that the Company's communication is informative, appropriate and timely. The information to stakeholders is made via various channels of communication: -

Company website
- provides relevant information such as corporate profile, services and investor relation on our Group

Announcements to Bursa Securities
- latest announcements such as corporate exercises, material information, periodic financial reports etc on the website of Bursa Securities

AGM
- main forum of dialogue for shareholders to raise any matters of concern pertaining to the Group

Annual Report
- communicating the Group's business overview, financial performance, corporate governance, sustainability measures as well as prospects of the Group

Email communications
- main communication channel to provide access to Management

Notice of AGM

The AGM is the principal forum for dialogue with shareholders and provides an important opportunity for effective communication. In line with good corporate governance practices, the notice of EGM and 16th AGM were issued at least twenty-eight (28) days prior to the AGM to enable the shareholders to have full information about the meeting to facilitate informed decision-making.

Participation and Voting at AGM

Given concerns surrounding the outbreak of Covid-19, the guidance issued by the Securities Commission Malaysia and the SOP regarding physical distancing issued by the MOH, the Company has conducted its sixteenth (16th) AGM and EGM by way of a virtual meeting through live streaming and online remote voting.

Shareholders were given the opportunity to engage with the Board (including posing questions to the Board via real time submission of typed texts) and voted remotely at the AGM via the remote participation and voting facilities. Shareholders who were unable to attend were allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf. All Directors and Chairmen of the Board Committees were present to provide a response to questions posed by shareholders.

AGM Circular

The minutes of the 16th AGM and the EGM have been published on the Company website and Bursa Securities website and for public viewing following the conclusion of the said AGM and EGM.

Compliance Statement

Save as described above, this Corporate Governance Overview Statement is made in accordance with Paragraph 15.08A and 15.25 of the MMLR. The statement was approved by the board on 13 July 2022.

AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the MMLR of Bursa Securities, the Board is pleased to present the following AC Report for the FYE 2022 which illustrates the insights as to the manner in which the AC has discharged their duties and responsibilities during the financial year.

The Board has established the AC with the primary objective of providing an independent oversight of the Group's financial reporting, risk management and internal control systems to ensure appropriate controls and counterbalances within the Group, in particular to ensure compliance with applicable accounting and financial reporting standards as well as the quality of the internal and external audits carried out.

A. TERMS OF REFERENCE

1. COMPOSITION

In line with MCCG 2021, the Board has set up the AC which comprising exclusively of Independent Non-Executive Directors and the Chairman of the AC is not the Chairman of the Board.

The present members of the AC and numbers of meetings attended are stated as follows: -

	Designation	No. of Meetings Attended
<u>Chairman</u>		
Yeoh Chin Hoe	Independent Non-Executive Director	6/6
<u>Member</u>		
Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman	6/6
Dato' Ong Chong Yi	Independent Non-Executive Director	6/6

(a) The AC, appointed from amongst the Board, shall compromise not fewer than three (3) members whom shall be composed of Independent Non-Executive Directors.

(b) The AC shall include at least one (1) member who is a member of the Malaysian Institute of Accountants ("**MIA**") or possessing such financial related qualification or experience as required by Bursa Securities;

(c) All members of the AC, including the Chairman of the AC, will hold office only so long as they serve as Directors of the Company. Should any member of the AC cease to be a Director of the Company, his membership in the AC will cease forthwith;

(d) No Alternate Director shall be appointed as a member of the AC;

(e) In the event the number of members of the AC for any reason be reduced to below three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members;

(f) All members of the AC shall possess sound judgment, objectivity, management experience, integrity and knowledge of the industry. A member of the AC shall excuse himself from the meeting during discussions or deliberations on any matter which gives rise to an actual or perceived conflict of interest situation for him; and

(g) A former key audit partner is to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

A. TERMS OF REFERENCE (CONT'D)

2. FUNCTION AND RESPONSIBILITIES

The AC is primarily responsible to, amongst others: -

(a) Consider and recommend the appointment and re-appointment of external auditors, and to assess their independence, qualification, adequacy of experience, resources of the firm, the resources assigned to the audit, the audit fee and any questions of their resignation or dismissal;

(b) Assess and report to the Board on the independence of external auditors on an annual basis by obtaining from the external auditors their assurance on their independence and confirmation of their continued registration with the Audit Oversight Board;

(c) Deliberate with both internal and external auditors pertaining to their scope, procedures, audit results and reports;

(d) Review and evaluate, with external auditors, the internal control system of the Group together with the Statement on Risk Management and Internal Control for inclusion in the Annual Report;

(e) Review quarterly financial results and annual financial statements, prior to the approval by the Board, focusing particularly on: -

- Any changes in accounting policies and practices;
- Significant adjustments arising from the audit;
- Significant and unusual events;
- Going concern assumption; and
- Compliance with accounting standards and other legal requirements;

(f) To ensure the effectiveness of internal audit function through the review of: -

- Qualification, independence, reporting structure and performance of internal auditors;
- Adequacy of the scope, functions, competency, audit methodology employed and resources of the internal audit function, and that it has the necessary authority to perform its work;
- Goals and objectives of the internal audit function to ensure that they commensurate with the Company's corporate goals;
- Internal audit programme and budget to ensure consistency with the Group's Risk Management Framework as well as the results of the internal audit process and, when necessary, ensure that appropriate remedial actions are taken on the recommendations of the internal audit function and report the same to the Board;
- Assessment of the performance of the internal audit function; and
- Appointment and reappointment matters in relation to the internal audit function;

(g) To review any related party and/or potential conflict of interest transactions proposed to be entered into by the Group;

(h) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if applicable;

(i) To consider annually the Group's Risk Management Framework and to be satisfied that the methodology employed allows for the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner; and

(j) To monitor the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their independence and objectivity as external auditors are not compromised.

Full list of duties and responsibilities of the AC is detailed in its terms of reference published on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

AUDIT COMMITTEE REPORT
(CONTINUED)

A. TERMS OF REFERENCE (CONT'D)

3. AUTHORITY

The AC, in accordance with procedures to be determined by the Board and at the expense of the Company, is authorised by the Board to perform the following: -

(a) To have explicit authority to investigate any activities within its terms of reference, the resources to do so, and with full access to information. All employees shall be directed to cooperate as requested by members of the AC;

(b) To have full and unrestricted access to all information and documents/resources which are required to perform its duties as well as the internal and external auditors and Senior Management of the Company and the Group;

(c) To obtain, at the expenses of the Company, other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;

(d) To have a direct channel of communication with external auditors and independent professionals who carry out the internal audit functions; and

(e) Where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to Bursa Securities.

4. MEETINGS

The AC meeting shall be held at least four (4) times a year. The Chairman of the AC may call for additional meetings at any time at the AC Chairman's discretion. The AC meeting shall not be combined with the Board meeting to uphold an objective and independent discussion during the meeting.

Upon the request by external auditors, the Chairman of AC shall convene an AC meeting to consider any matter the external auditors believe should be brought to the attention of the Director or shareholders. A majority of the members in attendance shall form a quorum.

The Company Secretary shall be responsible for drawing up the agenda and circulating the notice of meeting to the AC's members prior to each meeting to ensure sufficient time for all members to discuss and consider the matters to be deliberated in the forthcoming meeting. The Company Secretary is also responsible to attend meetings, record and circulate the meeting minutes to the members in a timely manner.

The Chairman of AC, head of internal auditors and a representative of external auditors should normally attend meetings. Other Board members and employees may attend the AC meetings upon invitation of the AC. The AC is also authorised to convene meetings with the external or internal auditors, or both, without the presence of executive Board members or employees, whenever deemed necessary.

The terms of reference of the AC can be found on the Company's website at https://ir2.chartnexus.com/complet/corporate-governance.php.

B. SUMMARY OF ACTIVITIES OF THE AC

In line with the terms of reference, the AC has undertaken the following activities during the financial year under review: -

(a) Ensured that the principal risks of the Group were regularly identified and assessed;

(b) Reviewed the adequacy of the scope and coverage of audit plans for FYE 2021 proposed by internal and external auditors and approved the audit plans for audit execution;

(c) Reviewed the external auditors' reports in relation to their financial audit and resolved the areas of concern and accounting issues highlighted from the audit conducted;

(d) Reviewed the Group's quarterly financial results and annual audited financial statements, and tabled to the Board for approval prior to its release to Bursa Securities;

(e) Reviewed the year-end audited financial statements, audit planning memorandum and the management letter issued by the external auditors;

(f) Assessed and recommended on the audit fees payable to the internal and external auditors for the Board's approval;

(g) Reviewed the annual internal audit programme and plan;

(h) Reviewed and discussed on the internal audit findings, recommendations for improvement and corrective actions taken by Management on the audit findings;

(i) Reviewed the related party transactions entered into by the Group and ensuring that all related party transactions were concluded on an arm's length basis and on a normal term of business with adequate disclosure to Bursa Securities;

(j) Reviewed the acquisition/disposal of investment/property, plant and equipment; and

(k) Considering the draft Circular to Shareholders and making its recommendation to the Board for the approval of the renewal of Shareholders' Mandate for the Recurring Related Party Transaction and the related Share Buy-Back Statement with the Proposed Renewal of Share Buy-Back Authority.

C. SUMMARY OF INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

The Group's internal audit function is outsourced to Tricor Axcelasia Sdn Bhd. The internal auditing was carried out in accordance with the approved audit plans, and the internal auditors are responsible to report directly to the AC. The results of the internal audit review were presented to the AC on a periodic basis.

Based on the internal audit performed, we are glad to highlight that there was no significant weakness which have resulted in material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report. Details of the internal audit function within the Group are further elaborated in the Statement on Risk Management and Internal Control in this Annual Report.

In FYE 2022, the Group incurred a professional fee of RM15,000 for its internal audit function.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present the following Statement on Risk Management and Internal Control which illustrates the scope and nature of the risk management and internal control system of the Group for FYE 2022. This Statement is made in accordance with Paragraph 15.26(b) of the MMLR of Bursa Securities and guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" ("**the Guidelines**") as well as Practice 10.1 and 10.2 of the MCCG 2021.

BOARD'S RESPONSIBILITY

The Board remains committed to establish and maintain a sound risk management and internal control system within the Group. The Board has undertaken an ongoing process with regular reviews to ensure the adequacy and integrity of the Group's risk management and internal control system to safeguard shareholders' investments and Group's assets.

In view of the inherent limitations in any risk management and internal control system, the Group's system is designed to minimise and manage, rather than to eliminate, the risk of failure in achieving the Group's business goals and objectives. As such, the said system can only provide reasonable, but not absolute, assurance against material misstatement of financial information, loss, fraud or any unforeseeable circumstances.

The Board is of the view that the Group's risk management and internal control system implemented during FYE 2022 and up to the date of approval of this Annual Report is operating adequately and effectively, in all material aspects, subject to regular reviews.

KEY PROCESSES

The Group's risk management and internal control system is supported by the Company's AC and RMC. The Board has integrated an on-going risk management process into the Group's business operations which was in place during the financial year under review and up to the approval date of this Annual Report. The said process is implemented to identify, analyse, evaluate, manage and monitor the significant risks faced by the Group. Periodic systematic reviews are also undertaken to oversee the overall effectiveness of the Group's risk management and internal control system, regulatory compliance as well as adaptation for business environment changes.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Group's risk management and internal control system is established with an objective to facilitate the proper conduct of the Group's businesses in order to protect shareholders' and stakeholders' interests as well as the Group's assets. However, the said system is not implemented at associated companies where the Group does not have direct control over their business operations.

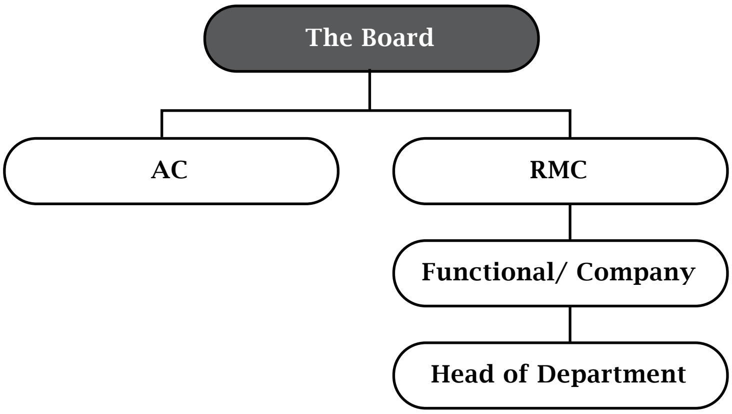
1. **Risk Management System**

   The Board affirms the significance of maintaining a proper risk management system to achieve the right balance between appropriate risks and business returns. As such, the Board is committed to strengthen the Group's risk management and has implemented appropriate controls to manage the identified risks.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. Risk Management System (Cont'd)

Since 2018, the Company has in place a risk management framework and risk management plan to serve as a formal guidance on the Group's risk management affairs. Governed by our risk management framework, the Board has the ultimate responsibility to oversee the Group's risk management matters. The Board is supported by the AC and RMC in monitoring the Group's internal control and risk management respectively.



Particularly, the RMC is tasked to assist the Board in overseeing and ensuring the effectiveness of the Group's integrated risk management function across business operations. Such duties and responsibilities to support and facilitate the Group's risk management are also depicted in the risk management policy.

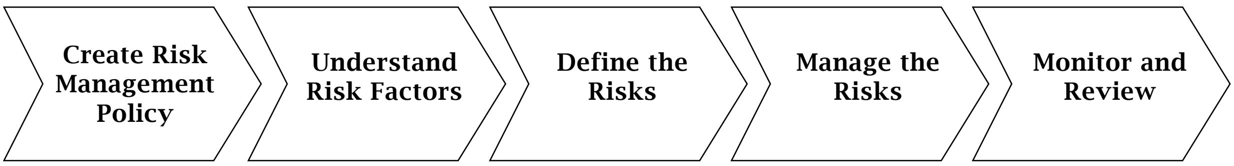
The composition of the RMC is as follows: -

	Designation
Chairman Datuk Iskandar Bin Sarudin	 Independent Non-Executive Chairman
Members	
Yeoh Chin Hoe	Independent Non-Executive Director
Dato' Ong Chong Yi *(Appointed on 3/1/2022)*	Independent Non-Executive Director
Law Hee Ling *(Resigned on 22/10/2021)*	Managing Director

Due to changing in the composition of the Board and Board Committee, the RMC has not conducted any meeting in FYE 2022.

The Group has adopted a decentralised approach for the Group's risk management through our various HODs. They are responsible to perform risk assessment to identify, evaluate and manage the significant risks at their respective areas of supervision and control. They are also accountable for the assessment of existing and any emerging risks so as to determine the appropriate controls to manage the risks and update the Group's risk register accordingly.

The Group's risk management plan has demonstrated a five-stage risk management process, illustrated as follows: -



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. Risk Management System (Cont'd)

Risk Management Policy is an official record of the Group's intentions, objectives and commitments in managing risk. While conducting business in this evolving business environment, the Board recognises that it is our ultimate aim to achieve a right balance between risks and opportunities in order to generate adequate return to our shareholders.

We communicate with both internal and external stakeholders, in order to understand their needs and expectations to improve in our strategic business plan in an appropriate manner. Upon engaging with the stakeholders, relevant risks shall be identified and documented into the Group's Risk Register and Management Plan, detailed with the information of likelihood and impact of the identified risks.

There are four (4) options available in our risk management framework to manage the identified risks, including avoid, reduce, share and accept the risks. Depending on the nature, likelihood and impact of the risks, the Group shall identify the most suitable risk mitigation measure in order to minimise the Group's risk exposure within the Group's risk tolerance level.

In an effort to ensure an effective risk management system, both the Risk Management Policy as well as Risk Register and Management Plan shall be monitored and reviewed on a regular basis to ensure that they remain current and relevant with the latest business and regulatory environment. In reviewing the said documents, fit-for-purpose should be taken into consideration, particularly in terms of their adequacy, suitability and effectiveness in managing the identified risks.

2. Internal Control System

Internal controls are embedded in the Group's daily operations as an effort to promote operational efficiency and sound corporate governance. Management is responsible to monitor the implementation of the Group's internal control system and shall highlight any significant internal control deficiencies to the AC's or the Board's attention.

Key salient features of the Group's internal control system include: -

(i) A well-defined organisational structure with clear lines of responsibility and delegated authority;
(ii) Formalised and documented internal SOP to support the Group's daily business;
(iii) Effective reporting system in ensuring timely financial reporting for Management's review and decision;
(iv) Review of financial results on a quarterly basis by the AC and subsequently tabled to the Board for approval;
(v) Review of both internal and external audit findings by the AC in order to deliberate with the Board pertaining to actions to be taken on issues and/or weaknesses identified; and
(vi) Active involvement of the Executive Directors in running the Group's daily business operations to ensure the proper business conduct and report to the same to the Board.

INTERNAL AUDIT FUNCTION

The Group has outsourced its Internal Audit Function to an independent professional firm, Tricor Axcelasia Sdn Bhd, to assist the AC and the Board in assessing the adequacy and effectiveness of the Group's internal control system. The outsourced Internal Auditor reports directly to the AC in relation to the findings noted from the audit conducted along with the relevant applicable recommendations for their consideration and implementation.

The Internal Auditor is led by their Executive Director, Mr Chang Ming Chew, who is a member of CIA, CRMA, IIA Malaysia, ACCA and CA(M). Five (5) staff were allocated to support the conduct of audit engagement during FYE 2022. All internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence. The internal audit function was carried out in accordance with global recognised frameworks, namely the IPPF and COSO.

INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year under review, a summary of the activities carried out by the internal audit function are as follows: -

(a) Prepared the risk based internal audit plan for the review and approval of the AC; and

(b) Based on the approved internal audit plan, performed internal audit review on the area of fleet maintenance management and management of lorry transport operators for one of the subsidiaries, Pengangkutan Sekata Sdn Bhd;

(c) Presented findings noted from audit conducted, together with Management's response and proposed action plans to the AC; and

(d) Carried out follow-up review on previous internal audit findings to ensure that proposed recommendations are implemented accordingly within the stipulated timeframe.

For FYE 2022, according to the internal audit review conducted, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The total professional fees incurred for the outsourcing of the internal audit function for the FYE 2022 amounted to RM15,000.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities' MMLR, the External Auditor has reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report 2022. The review was performed in line with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the guidance published in AAPG 3 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report. Based on the External Auditor's review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Directors of Listed Issuers and Principle B of the MCCG 2021 to be set out, nor is factually inaccurate.

MANAGEMENT'S ASSURANCE

The Executive Director and Financial Controller, representing the Management, have given reasonable assurance to the Board that the Group's risk management and internal controls system are adequate and effective, in all material aspects, to protect stakeholders' interests, shareholders' investments and the Group's assets, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective HODs.

CONCLUSION

The Board is committed to continue to improve and maintain a sound risk management and internal control system within the Group in order to protect our stakeholders' interests, shareholders' investments and the Group's assets. Moving forward, the Board will continue to assess and identify any deficiencies and appropriate action plans so as to strengthen the Group's risk management and internal control system on an ongoing basis.

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the Group's risk management and internal control system is adequate and effective in protecting our stakeholders' and shareholders' interests as well as the Group's assets. No material losses have arisen from any inadequacy or failure of the Group's system of internal control which require additional disclosure in this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("**MFRSs**"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act 2016 of Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the 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 for the FYE 2022, the Directors have:

a) considered and applied appropriate accounting policies and approved accounting standards on a consistent basis;
b) made judgment and estimates that are reasonable and prudent; and
c) prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that proper accounting records are kept with the Group and the Company in accordance with the Companies Act 2016. The Directors also have overall responsibility in taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board dated 13 July 2022.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made pursuant to the MMLR of Bursa Securities: -

1. UTILISATION OF PROCEEDS

Disposal of Subsidiaries

The Company had on 13 August 2019 entered into a conditional share purchase agreement with SH Cogent Logistics Pte Ltd for the disposal of 80% of its equity interests in Dolphin Shipping Agency Sdn Bhd, Guper Integrated Logistics Sdn Bhd and Gems Logistics Sdn Bhd for a total cash consideration of RM85,600,000. The disposal was completed on 14 February 2020 and the proceeds are fully utilised as at 31 March 2022, as follows: -

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe
Future investment	40,000	40,000	-	-	Within 24 months
Dividend to shareholders	20,320	20,320	-	-	Within 3 months
Working capital	20,280	22,060*	-	-	Within 24 months
Estimated expenses	5,000	3,220*	-	-	Upon completion
Total	85,600	85,600	-	-	

* The balance of the estimated expenses of RM1.78 million had been re-allocated for the Group's working capital purposes.

Disposal of Subsidiaries

The Company had on 7 May 2021 entered into two (2) conditional sales and purchase agreements for the disposal of the entire equity interests in Guper Resources Sdn Bhd and Ultra Trinity Sdn Bhd for a cash consideration of RM16,946,000 and RM5,506,000 respectively. The said disposal has been approved by the shareholders at the extraordinary general meeting on 9 September 2021 and was completed on 30 November 2021. As at 31 March 2022, the utilisation of proceeds from the said disposal is shown as follows: -

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe
Future investment	12,000	-	-	12,000	Within 24 months
Working capital	8,052	7,650	163*	565	Within 24 months
Estimated expenses	2,400	2,237	(163)*	-	Within 1 month
Total	22,452	9,887	-	12,565	

* The balance of the estimated expenses of RM0.16 million had been re-allocated for the Group's working capital purposes.

ADDITIONAL COMPLIANCE INFORMATION
(CONTINUED)

2. AUDIT AND NON-AUDIT FEES

The details of the audit and non-audit fees paid/payable for the FYE 2022 are as follows: -

	Company RM	Group RM
Audit Fee	145,500	227,375
Non-Audit Fee		
· Statement on Risk Management and Internal Control	5,000	5,000
	150,500	232,375

3. DEVIATION IN RESULTS

The deviation in results was less than 10% between the audited results for the FYE 2022 and the unaudited results for the same financial year previously announced.

4. PROFIT GUARANTEE

No profit guarantee was issued by the Company.

5. MATERIAL CONTRACTS

Save as disclosed below, there was no material contracts of the Company and its subsidiaries, involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:

a) On 07 May 2021, the Company entered into 2 conditional share sale agreements with Dolphin Assets Sdn Bhd ("DASB") for the proposed disposals of the entire equity interest in Guper Resources Sdn Bhd and Ultra Trinity Sdn Bhd for cash consideration of RM16,946,000 and RM5,506,000 respectively. Law Hee Ling, a former director of the Company, has substantial financial interest in DASB. These proposed disposals were completed on 30 November 2021.

b) On 27 May 2021, the Company entered into a share sale agreement with Tu Pih Shyong, a former director of the Company's subsidiary, for the acquisition of 50% equity interest in Channel Legion Sdn Bhd for a cash consideration of RM5,000,000. This proposed acquisition was completed on 31 May 2021.

c) On 27 May 2021, CIBC Technology Sdn Bhd ("CTSB") entered into a software purchase agreement with IBC Technology Sdn Bhd ("IBC") for the purchase of software for a cash consideration of RM1,400,000, which was completed on the same day. Leow Li Hwa, a director of the Company's subsidiary, has substantial financial interest in IBC.

d) On 16 August 2021, the Company entered into a share sale agreement with Hextar Holdings Sdn Bhd ("HHSB") for the purchase of 100% equity interest in Hextar Marketing Sdn Bhd for a cash consideration of RM200,000. Dato' Ong Choo Meng, is the common major shareholder of both the Company and HHSB. This proposed acquisition was completed on 20 August 2021.

e) On 27 August 2021, the Company entered into a share sale agreement with IBC for the disposal of 35% equity interest in CTSB for a cash consideration of RM105,000. This proposed disposal was completed on 04 October 2021.

f) On 17 December 2021, Complete Logistic Specialists Sdn Bhd entered into the sale and purchase agreement with SJA Freight Services Sdn Bhd, a company which Law Hee Ling has substantial financial interest, for the disposals of 2 units three storey shophouse bearing the postal address at No. 25 & 27, Jalan Berangan, 42000 Pelabuhan Klang, Selangor for the total consideration of RM1,200,000. These disposals were completed on 29 March 2022.

ADDITIONAL COMPLIANCE INFORMATION
(CONTINUED)

g) On 14 March 2022, the Company entered into a share sale agreement with Dato' Ong Choo Meng, to dispose the Company's total investment in CSCENIC, including 36,000,000 ordinary shares, representing approximately 14.94% equity interest in CSCENIC, and 18,000,000 warrants in CSCENIC for a total cash consideration of RM32.04 million, which is still pending completion.

6. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Details of recurrent related party transactions entered into between the Company and its subsidiaries and related parties during FYE 2022 pursuant to the Shareholders' Mandate obtained by the Company at the last AGM held on 9 September 2021 are as follows: -

No.	Transacting parties	Interested parties	Nature of relationship	Nature of transaction with HexTech Group	Aggregate value (RM'000)
1.	ATE Technology Group Sdn Bhd ("**ATE**") and its subsidiaries ("**ATE Group**") [(1)]	Law Hee Ling ("**LHL**")	LHL was the director of the Company, who has resigned from the Board on 22 October 2021. LHL through his major shareholding in Dolphin Assets Sdn Bhd ("DASB") is the major shareholders of Keith Avenue Sdn Bhd, a major shareholder of ATE. LHL is a director of ATE.	· Sales of spare parts by ATE Group	75
2.	East West Freight Services Sdn Bhd ("**EWF**")	LHL	LHL was the director of the Company, who has resigned from the Board on 22 October 2021. He is a director and an indirect major shareholder of EWF through his major shareholdings in DASB, a major shareholder of EWF.	· Provision of logistics services to EWF.	23
3.	SJA Freight Services Sdn Bhd ("**SJA**")	LHL	LHL was the director of the Company, who has resigned from the Board on 22 October 2021. He is an indirect major shareholder of SJA through his major shareholding in DASB, a major shareholder of SJA. Leon Law Li Yion, son of LHL, is a director of SJA.	· Provision of logistics services to SJA. · Provision of forwarding, related services by SJA.	1 1

Note: -

[(1)] The subsidiaries of ATE include: -

a. ATE Technology Engineering (M) Sdn Bhd;
b. ATE Truck Parts & Services (Nilai) Sdn Bhd;
c. ATE Truck Parts & Services (Johor) Sdn Bhd;
d. ATE Illumination Sdn Bhd;
e. ATE Truck Parts (M) Sdn Bhd; and
f. ATE Truck Parts & Services (Ipoh) Sdn Bhd.

7. SHARE ISSUANCE SCHEME ("SIS")

The Company had on 25 September 2013 obtained shareholders' approval via extraordinary general meeting to establish SIS to grant share options to eligible Directors and employees of the Group. As at 31 March 2022, the Company has granted four (4) batches of SIS, with the details as follows: -

a) The total number of options granted, exercised and outstanding under existing SIS during FYE 2022: -

Description		Number of Options	
		Total	Directors and Chief Executive *
SIS 1	Granted	6,400,000	-
	Exercised	(5,065,000)	-
	Forfeited	(1,335,000)	-
	Outstanding	**-**	-
SIS 2	Granted	845,000	-
	Exercised	(687,000)	-
	Forfeited	(126,000)	-
	Outstanding	**32,000**	-
SIS 3	Granted	1,055,000	-
	Exercised	(731,000)	-
	Forfeited	(314,000)	-
	Outstanding	**10,000**	-
SIS 4	Granted	2,328,000	-
	Exercised	(2,166,000)	-
	Forfeited	(142,000)	-
	Outstanding	**20,000**	-

* *In conjunction with the change in the Board and Key Senior Management, none of the Directors and Chief Executive are granted with and holding any outstanding options from SIS.*

b) No options were granted to the Directors and Senior Management of the Group pursuant to the SIS during the FYE 2022.

c) No options were granted to the Non-Executive Directors of the Company pursuant to the SIS during the FYE 2022. As at 31 March 2022, none of the existing Non-Executive Directors are holding options under the Company's SIS.

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DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation for the financial year	12,719,507	18,633,952
Attributable to:		
Owners of the Company	12,874,460	18,633,952
Non-controlling interests	(154,953)	-
	12,719,507	18,633,952

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company sold 319,300 of its issued ordinary shares through the open market at an average price of RM2.21 per share. The total consideration received was RM703,948 including transaction costs. The Company does not hold any of its issued ordinary shares as treasury shares after the disposal.

Relevant details on the treasury shares are disclosed in Note 15 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

In previous financial years, the Company granted share options to eligible directors and employees of the Group under the Share Issuance Scheme ("SIS") approved by the shareholders of the Company at the extraordinary general meeting held on 25 September 2013 to subscribe for a total of 6,400,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which 40,000 (2021: 200,000) ordinary shares were forfeited during the financial year due to the resignations of employees and a total of nil (2021: 40,000) ordinary shares were exercisable at the end of the reporting period. On 27 June 2016, the Company has granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 845,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which 2,000 (2021: 5,000) ordinary shares were forfeited due to the resignations of employees and a total of 32,000 (2021: 34,000) ordinary shares are exercisable at the end of the reporting period. On 28 April 2017, the Company has granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 1,055,000 ordinary shares at an exercise price of RM0.88 per share ("SIS 3"), out of which 29,000 (2021: nil) ordinary shares were forfeited due to the resignations of employees and a total of 10,000 (2021: 39,000) ordinary shares were exercisable at the end of the reporting period. On 3 September 2018, the Company has granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 2,328,000 ordinary shares at an exercise price of RM0.55 per share ("SIS 4"), out of which no (2021: nil) ordinary shares were forfeited due to the resignations of employees and a total of 20,000 (2021: 20,000) ordinary shares were exercisable at the end of the reporting period.

The salient features of the SIS are as follows:

(a) Eligible directors and employees are those who have been confirmed in service on the date of offer;

(b) The aggregate number of shares to be issued under the SIS shall not be more than 15% of the issued and paid-up share capital of the Company;

(c) The SIS shall be in force for a period of 5 years from the first grant date and may be extended for a further 5 years at the discretion of the Board of Directors;

(d) The option price shall not be at a discount of more than 10% from the 5-day weighted average market price of the shares of the Company preceding the date of offer;

(e) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the SIS Committee;

(f) All new ordinary shares issued upon exercise of the share options granted under the SIS will rank pari passu in all respects with the existing ordinary shares of the Company; and

(g) The share options granted to eligible Directors and employees will lapse when they are no longer in employment with the Group.

The share options granted are exercisable at any time from the date of offer up to the date of expiry on 18 November 2018 subject to a maximum percentage of 100% (2021: 100%) of the total number of share options granted in each year from the date of offer. Where the maximum percentage of the share options for a particular period is not fully exercised, the unexercised share options shall be carried forward to the next period and shall not be subject to the maximum percentage for the next period.

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

On 4 September 2018, the Board has approved to extend its existing SISs' tenure which is expiring on 18 November 2018 for another 5 years until 18 November 2023. These options are exercisable on the specified exercisable period and stated in the SIS By-Laws subject to the options being vested as follows:

	From 19.11.2018	From 1.4.2019	From 1.4.2020
SIS 1	20%	80%	-
SIS 2	-	50%	50%
SIS 3	-	50%	50%
SIS 4	100%	-	-

During the financial year, there is no ordinary shares were exercised by the eligible directors and employees of the Group.

Relevant details on the SIS are disclosed in Note 14 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

Datuk Iskandar Bin Sarudin
Dato' Ong Chong Yi
Teh Li King
Yeoh Chin Hoe
Ronald Khoo Boo Soon (Appointed on 15 June 2021)
Law Hee Ling (Resigned on 22 October 2021)
Chia Kah Ying (Resigned on 22 October 2021)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Ong Soon Lim (Appointed on 8 June 2021)
Leow Li Hwa (Appointed on 16 August 2021)
Tan Eng Kiong (Appointed on 6 October 2021)
Tu Pih Shyong (Resigned on 31 May 2021)

In accordance with Article 131.1 of the Company's Constitution, Datuk Iskandar Bin Sarudin and Dato' Ong Chong Yi retire at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-election.

DIRECTORS' INTERESTS

All the Directors holding office at the end of the financial year had no interest in the shares and options over unissued shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Directors have received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Group or the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of share options pursuant to the Share Issuance Scheme of the Company.

The details of the Directors' remuneration paid or payable to the Directors of the Company during the financial year are as follows:-

	Group RM	Company RM
Fees	105,677	105,677
Salaries, bonuses and other benefits	548,169	199,402
Defined contribution benefits	59,114	17,732
	712,960	322,811

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the Directors of the Company were RM5,000,000 and RM8,500 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	Group RM	Company RM
Audit fee	227,375	145,500
Non-audit fees	5,000	5,000
	232,375	150,500

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

Ronald Khoo Boo Soon
Director

Teh Li King
Director

13 July 2022

Kuala Lumpur

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

We, Ronald Khoo Boo Soon and Teh Li King, being two of the directors of Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad), state that, in the opinion of the directors, the financial statements set out on pages 68 to 137 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 of 31 March 2022 and of their financial performance and cash flows for the financial year ended on that date.

On behalf of the Board,

Ronald Khoo Boo Soon
Director

Teh Li King
Director

13 July 2022

Kuala Lumpur

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

I, Tan Eng Kiong, MIA Membership Number: 24224, being the officer primarily responsible for the financial management of Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad), do solemnly and sincerely declare that the financial statements set out on pages 68 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration 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 on
13 July 2022

Tan Eng Kiong

Before me:

INDEPENDENT AUDITORS' REPORT

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES BERHAD)
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad), which comprise the statements of financial position as at 31 March 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 68 to 137.

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

(1) Impairment assessment of trade receivables

Refer to Note 10 to the financial statements

Key Audit Matter

As of the reporting date, the Group's total trade receivables amounted to RM53.14 million is stated net of allowance for impairment losses of RM1.77 million. Trade receivables are major component of the financial position of the Group. We focused on this area due to the magnitude of the amount involved and significant judgements are required to assess the allowance for impairment losses of trade receivables. The assessment on impairment of trade receivables involves significant management judgement, taking into consideration the age of the trade debts, historical payment patterns, existence of disputes and bad debt written off in the past.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others:

- Enquired management's inputs and assumptions used when determining the expected credit loss allowance;
- Evaluated the appropriateness and reasonableness of the key assumptions used in the expected credit loss model and tested its mathematical accuracy;
- Tested the accuracy of the ageing profiles against supporting documents on a sample basis;
- Evaluated the adequacy of impairment losses provided.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES BERHAD)
(Incorporated in Malaysia)

Key Audit Matters (continued)

(2) Revenue recognition

Refer to Note 22 to the financial statements

Key Audit Matter	*How our audit addressed the Key Audit Matter*
<u>Sale of Goods</u> Revenue from sale of goods amounting to RM89.87 million represent 79% of the Group's revenue for the financial year ended 31 March 2022. The Group's revenue recognition policy is to recognise the revenue upon the transfer of control of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. The timing of the transfer of the risks and rewards of the goods to the buyers is defined by the specific delivery terms agreed upon with the customers, and there is a risk that revenue could be misstated resulting from cut off issue and thus we have identified this matter as a key audit matter. **<u>Rendering of services</u>** Revenue from rendering of services amounting to RM24.17 million represent 21% of the Group's revenue for the financial year ended 31 March 2022. Revenue from rendering of services is recognised during the period in which control over the promised services have been transferred to customers. These services consist of large volumes of individually low value transactions and the rates applied to each transaction are based on contract terms agreed among different customers. The recognition of revenue transactions from these services is records manually by the management. Through such manual recording, management has the ability to influence the recognition of revenue, hence there is a risk of misstatement in the revenue recognised from rendering of services.	Our audit procedures included, among others: · Assessed internal controls of revenue cycle and performed Test of Control; · Performed fraud inquiry to management personnel and audit committee; · Reviewed management's revenue recognition policy; · Verified the supporting documents so as to ascertain the proof of the service rendering and sale of goods · Reviewed contracts with customer and the satisfaction of performance obligation as specified in the contracts; and · Tested on sample basis for sales transactions taking place near to or after the reporting date by evaluating the agreed delivery terms provided by the customers.

Key Audit Matters (continued)

(3) Investment in Associates

Refer to Note 8 to the financial statements

Key Audit Matter

As of the reporting date, the Group's 20% interest in investment in associates amounted to RM24.60 million and is accounted for under the equity method. The Group's share of profits and net assets was RM1.20 million and RM15.28 million respectively.

In the context of our audit of the Group's financial statements, the key audit matters relating to the Group's share of the profits and net assets is as follows:

(i) Impairment assessment of trade receivables; and
(ii) Revenue recognition.

The assessment on impairment of trade receivables involves significant management judgement and there is a risk of misstatement in the revenue recognition. The details of the key audit matters is similar to the context of item (1) and (2) in Page 63 and 64.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others:

- Audit procedures for impairment assessment of trade receivables and revenue recognition is addressed in item (1) and (2) above;
- Reviewed management's assessment for any indications of impairment;
- Reviewed the carrying amount of investments in associates and assessed whether there are any indications of impairment; and
- Evaluate the adequacy of the disclosure in the financial statements.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES BERHAD)
(Incorporated in Malaysia)

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 a 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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES BERHAD)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chan Kuan Chee
02271/10/2023 J
Chartered Accountant

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Assets					
Non-current assets					
Property, plant and equipment	5	33,206,514	56,454,722	582	832
Right-of-use assets	6	27,396,949	41,086,804	-	-
Investments in subsidiaries	7	-	-	24,616,936	19,658,935
Investments in associates	8	24,597,112	23,398,549	21,400,000	21,400,000
Other investment	9	29,160,000	29,160,000	29,160,000	29,160,000
		114,360,575	150,100,075	75,177,518	70,219,767
Current assets					
Trade and other receivables	10	55,584,340	12,219,794	108,089,353	70,144,112
Contract assets		83,249	-	-	-
Tax recoverable		414,801	151,160	103,345	-
Cash and cash equivalents	11	27,398,221	49,851,939	20,526,406	44,769,944
		83,480,611	62,222,893	128,719,104	114,914,056
Total assets		197,841,186	212,322,968	203,896,622	185,133,823
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	12	72,397,926	72,397,926	72,397,926	72,397,926
Retained earnings	13	99,691,591	90,955,166	131,476,993	112,237,232
Other reserves	14	(205,799)	(172,689)	(205,799)	(172,689)
Treasury shares	15	-	(131,249)	-	(131,249)
Shareholders' equity		171,883,718	163,049,154	203,669,120	184,331,220
Non-controlling interests		(330,849)	14,592	-	-
Total equity		171,552,869	163,063,746	203,669,120	184,331,220
Non-current liabilities					
Leases liabilities	16	15,617,297	15,596,690	-	-
Borrowings	17	-	12,178,947	-	-
Deferred tax liabilities	18	1,279,235	1,878,984	-	-
		16,896,532	29,654,621	-	-
Current liabilities					
Trade and other payables	19	6,580,821	14,222,491	227,502	763,913
Contract liabilities		42,338	-	-	-
Leases liabilities	16	263,332	550,368	-	-
Borrowings	17	2,505,294	4,831,742	-	-
Tax liabilities		-	-	-	38,690
		9,391,785	19,604,601	227,502	802,603
Total liabilities		26,288,317	49,259,222	227,502	802,603
Total equity and liabilities		197,841,186	212,322,968	203,896,622	185,133,823

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	22	114,032,440	42,347,482	1,789,000	3,604,000
Cost of sales	23	(105,261,289)	(37,122,283)	-	-
Gross profit		8,771,151	5,225,199	1,789,000	3,604,000
Other income		13,441,091	3,639,070	18,330,808	2,535,830
Marketing and distribution costs		(1,358,316)	(673,132)	-	-
Administrative expenses		(4,035,062)	(1,937,800)	(492,370)	(229,692)
Other expenses		(3,274,606)	(2,496,780)	(954,363)	(494,779)
Finance costs		(1,194,304)	(1,242,356)	-	-
Share of results of associates	8	1,198,563	1,760,451	-	-
Profit before tax	24	13,548,517	4,274,652	18,673,075	5,415,359
Tax expense	25	(829,010)	(721,246)	(39,123)	(264,423)
Profit after tax		12,719,507	3,553,406	18,633,952	5,150,936
Other comprehensive income		-	(227,851)	-	(227,851)
Total comprehensive income		12,719,507	3,325,555	18,633,952	4,923,085
Profit after tax attributable to:					
Owners of the Company		12,874,460	3,838,418	18,633,952	5,150,936
Non-controlling interests		(154,953)	(285,012)	-	-
		12,719,507	3,553,406	18,633,952	5,150,936
Total comprehensive income attributable to:					
Owners of the Company		12,874,460	3,610,567	18,633,952	4,923,085
Non-controlling interests		(154,953)	(285,012)	-	-
		12,719,507	3,325,555	18,633,952	4,923,085
Basic earnings per ordinary share (sen)	27	10.0	3.0		
Diluted earnings per ordinary share (sen)	27	10.0	3.0		

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

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

Group	Note	Attributable to owners of the Company							
		Share capital RM	Fair value reserve RM	Share option reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2020		70,477,440	-	732,353	(131,249)	107,351,130	178,429,674	999,604	179,429,278
Profit after tax for the financial year		-	-	-	-	3,838,418	3,838,418	(285,012)	3,553,406
Other comprehensive income for the financial year:									
Fair value changes of equity investment		-	(227,851)	-	-	-	(227,851)	-	(227,851)
Total comprehensive income for the financial year		-	(227,851)	-	-	3,838,418	3,610,567	(285,012)	3,325,555
Contributions by and distributions to owners of the Company:									
Share option expenses		-	-	118,805	-	-	118,805	-	118,805
Exercise of Share Issuance Scheme option		1,920,486	-	(795,996)	-	91,570	1,216,060	-	1,216,060
Dividends	26	-	-	-	-	(20,325,952)	(20,325,952)	-	(20,325,952)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(700,000)	(700,000)
Total transactions with owners		1,920,486	-	(677,191)	-	(20,234,382)	(18,991,087)	(700,000)	(19,691,087)
At 31 March/1 April 2021		72,397,926	(227,851)	55,162	(131,249)	90,955,166	163,049,154	14,592	163,063,746
Profit after tax/Total comprehensive income for the financial year:		-	-	-	-	12,874,460	12,874,460	(154,953)	12,719,507
Contributions by and distributions to owners of the Company:									
Forfeit of Share Issuance Scheme option		-	-	(33,110)	-	33,110	-	-	-
Treasury shares sold	15	-	-	-	131,249	572,699	703,948	-	703,948
		-	-	(33,110)	131,249	605,809	703,948	-	703,948
Acquisition of non-controlling interest	29	-	-	-	-	(4,813,895)	(4,813,895)	(186,105)	(5,000,000)
Disposal of subsidiaries	30 (a)	-	-	-	-	-	-	(39,332)	(39,332)
Disposal of an existing subsidiary that do not result in a loss of control	30 (b)	-	-	-	-	70,051	70,051	34,949	105,000
Total transactions with owners		-	-	(33,110)	131,249	(4,138,035)	(4,039,896)	(190,488)	(4,230,384)
At 31 March 2022		72,397,926	(227,851)	22,052	-	99,691,591	171,883,718	(330,849)	171,552,869

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Company	Note	Share capital RM	Fair value reserve RM	Share option reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 April 2020		70,477,440	-	732,353	(131,249)	127,320,678	198,399,222
Profit after tax for the financial year		-	-	-	-	5,150,936	5,150,936
Other comprehensive income for the financial year:							
Fair value changes of equity investment		-	(227,851)	-	-	-	(227,851)
Total comprehensive income for the financial year		-	(227,851)	-	-	5,150,936	4,923,085
Contributions by and distributions to owners of the Company:							
Share option expenses		-	-	118,805	-	-	118,805
Exercise of Share Issuance Scheme option		1,920,486	-	(795,996)	-	91,570	1,216,060
Dividends	26	-	-	-	-	(20,325,952)	(20,325,952)
Total transactions with owners		1,920,486	-	(677,191)	-	(20,234,382)	(18,991,087)
At 31 March/1 April 2021		72,397,926	(227,851)	55,162	(131,249)	112,237,232	184,331,220
Profit after tax/Total comprehensive income for the financial year		-	-	-	-	18,633,952	18,633,952
Contributions by and distributions to owners of the Company:							
Forfeit of Share Issuance Scheme option		-	-	(33,110)	-	33,110	-
Disposal of treasury shares		-	-	-	131,249	572,699	703,948
Total transactions with owners		-	-	(33,110)	131,249	605,809	703,948
At 31 March 2022		72,397,926	(227,851)	22,052	-	131,476,993	203,669,120

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

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

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Operating activities					
Profit before tax		13,548,517	4,274,652	18,673,075	5,415,359
Adjustments for:					
Bad debts		40,264	-	40,264	-
Depreciation of property, plant and equipment	5	2,892,024	2,198,673	250	318
Depreciation of right-of-use assets	6	890,554	936,093	-	-
Dividend income from subsidiaries	22	-	-	(1,747,000)	(3,520,000)
Impairment loss on:					
- trade receivables	10	567,746	342,165	-	-
Interest expense		1,194,304	1,242,356	-	-
Interest income		(385,381)	(2,048,412)	(377,696)	(2,033,830)
Net gain on disposal of property, plant and equipment and right-of-use assets		(995,576)	(474,422)	-	-
Net gain on disposal of subsidiaries		(11,219,950)	(731,038)	(17,953,112)	(502,000)
Net unrealised loss on foreign exchange		5,712	3,262	-	-
Property, plant and equipment written off	5	285	-	-	-
Reversal of impairment loss on:					
- trade receivables	10	(79,797)	-	-	-
Share of results of associates	8	(1,198,563)	(1,760,451)	-	-
Share option expense		-	118,805	-	118,805
Operating profit/(loss) before working capital changes		5,260,139	4,101,683	(1,364,219)	(521,348)
Changes in working capital:					
Trade and other receivables		(38,503,401)	3,325,215	(122,979)	410
Trade and other payables		(10,972,038)	2,972,567	55,483	23,753
Contract assets		(83,249)	-	-	-
Contract liabilities		(93,453)	-	-	-
Cash (used in)/generated from operations		(44,392,002)	10,399,465	(1,431,715)	(497,185)
Tax paid		(1,904,289)	(1,400,644)	(243,000)	(200,100)
Tax refunded		110,315	87,204	61,842	-
Net cash (used in)/from operating activities		(46,185,976)	9,086,025	(1,612,873)	(697,285)

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

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Investing activities					
Additional investment in an existing subsidiary		(5,000,000)	-	(7,200,000)	-
Advances from an associate		-	2,543,422	-	2,543,422
Advances to subsidiaries		-	-	(68,038,418)	(9,510,556)
Acquisition of a quoted investment	9	-	(29,387,851)	-	(29,387,851)
Dividend received		-	-	1,747,000	3,520,000
Interest received		385,381	2,048,412	377,696	2,033,830
Investment in new subsidiary		-	-	(1)	-
Net cash inflows from the disposals of subsidiaries	30	20,027,173	1,135,083	20,395,112	1,502,000
Net cash inflows/(outflows) from the acquisitions of subsidiaries	29	596,996	-	(200,000)	-
Proceeds from disposal of property, plant and equipment and right-of-use assets		3,043,735	2,438,695	-	-
Proceeds from disposal of treasury shares		703,948	-	703,948	-
Purchase of property, plant and equipment	5	(2,933,855)	(20,830,614)	-	-
Purchase of right-of-use assets	6	(8,159,641)	-	-	-
Net cash from/(used in) investing activities		8,663,737	(42,052,853)	(52,214,663)	(29,299,155)
Financing activities					
Advances from a Director		-	3,231,362	-	-
Repayment from/(Repayment to) subsidiaries		-	-	10,557,954	(1,435,006)
Repayment from former subsidiaries	30	19,455,406	-	19,026,044	-
Dividends paid	26	-	(20,325,952)	-	(20,325,952)
Dividends paid to non-controlling interests		-	(700,000)	-	-
Drawdown of borrowings	11	4,889,000	6,000,000	-	-
Interest paid		(1,194,304)	(1,242,356)	-	-
Proceeds from shares issued		-	1,216,060	-	1,216,060
Repayment of lease liabilities	16	(266,429)	(247,696)	-	-
Repayment of bills payable	11	(4,388,000)	-	-	-
Repayment of term loans	11	(3,427,152)	(4,185,371)	-	-
Net cash from/(used in) financing activities		15,068,521	(16,253,953)	29,583,998	(20,544,898)
Net changes in cash and cash equivalents		(22,453,718)	(49,220,781)	(24,243,538)	(50,541,338)
Cash and cash equivalents at the beginning of financial year		49,686,939	98,907,720	44,769,944	95,311,282
Cash and cash equivalents at the end of financial year	11	27,233,221	49,686,939	20,526,406	44,769,944

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2022

1 CORPORATE INFORMATION

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

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Wilayah Persekutuan, Kuala Lumpur.

The principal place of business of the Company is located at No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13 July 2022.

2 PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3 BASIS OF PREPARATION

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

3.1 During the financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

MFRSs and IC Interpretations (Including the Consequential Amendments)
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycles	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023

3 BASIS OF PREPARATION (continued)

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (continued)

MFRSs and IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key sources of estimation of uncertainty

Management believes there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(i) Income tax and deferred tax

Judgement is required in determining the capital allowances and the deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax, if any, in the periods in which the outcome is known.

(ii) Depreciation of property, plant and equipment and right-of-use assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 5 and 6 to the financial statements respectively.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation of uncertainty (continued)

Management believes there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year other than as disclosed below:- (continued)

(iii) Impairment of trade receivables and contract assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade rceivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets.

(iv) Impairment of non-trade receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 10 to the financial statements.

(v) Fair value of financial instruments

The methods and assumptions used by the management to determine the fair values of financial instruments are as follows:

- The carrying amounts of financial assets and liabilities maturing within 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

- In respect of long-term borrowings, the carrying amounts approximated their fair values as they are on floating rates and are repriced to market interest rates for liabilities with similar risk profiles

(vi) Impairment of property, plant and equipment and right-of-use assets

The Group determines whether its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 5 and 6 to the financial statements respectively.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(i) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

(a) Business combinations (continued)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of control

Upon the loss of control of a subsidiary, the gain or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost which includes expenditure that is directly attributable to the acquisition of the items. 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 cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and the carrying amount of the replaced parts are derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired, if applicable.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment (continued)

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Construction work-in-progress are stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for their intended use.

Freehold land and construction work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over their estimated useful lives as follows:

Buildings	2%
Motor vehicles	20%
Office equipment	20% - 40%
Operating equipment	10%
Plant and machinery	10%

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount (see Note 4.7).

The residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.4 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On the disposal of investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in subsidiaries are eliminated on consolidation.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Investments in associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2022. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.6 Intangible assets - Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Impairment

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which the reversal of the impairment loss is treated as revaluation increase.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4.8.1 Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(a) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(b) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.1 Financial assets (continued)

Debt Instruments (continued)

(c) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4.8.2 Financial liabilities

(a) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(b) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.3 Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(a) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(b) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchases, sales, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained earnings.

4.8.4 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

4.8.5 Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.5 Derecognition (continued)

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

4.8.6 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.10 Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.11 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Leases (continued)

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Taxes in the statements of profit or loss comprise current tax and deferred tax.

(a) Current tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits

(a) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Share-based payment transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Upon expiry of the share option, the employee share option is transferred to retained earnings. When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

4.17 Functional and foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such a forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue recognition

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Services

Revenue from logistics services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

4.19 Revenue from other sources and other operating income

(a) Dividend income

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

(b) Interest income

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

(c) Rental income

Rental income is accounted for on a straight-line method over the lease term.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Operating segments

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

4.21 Fair value measurements

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

(a) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

(b) Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3: Inputs are unobservable inputs for the asset or liability

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.22 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares, which comprise share options granted to employees.

5 PROPERTY, PLANT AND EQUIPMENT

Group

Carrying amount	At 1 April RM	Additions (Note 11) RM	Disposals RM	Written-off RM	Reclassfication RM	Disposals of subsidiaries (Note 30) RM	Depreciation RM	At 31 March RM
2021/2022								
Freehold land	12,349,616	-	(586,541)	-	-	(5,748,613)	-	6,014,462
Buildings	28,842,944	958,450	(411,941)	-	6,701,830	(15,165,412)	(818,559)	20,107,312
Motor vehicles	311,705	-	(217,383)	-	-	-	(94,322)	-
Office equipment	82,379	1,552,524	(3,081)	(285)	-	(27,270)	(479,016)	1,125,251
Operating equipment	7,513,082	14,000	(67,466)	-	-	-	(1,500,127)	5,959,489
Plant and machinery	51,280	-	(51,280)	-	-	-	-	-
Vessel equipment	66,967	-	(66,967)	-	-	-	-	-
Vessels	943,800	-	(643,500)	-	-	(300,300)	-	-
Construction work-in-progress	6,292,949	408,881	-	-	(6,701,830)	-	-	-
	56,454,722	2,933,855	(2,048,159)	(285)	-	(21,241,595)	(2,892,024)	33,206,514
2020/2021								
Freehold land	12,349,616	-	-	-	-	-	-	12,349,616
Buildings	7,975,772	130,173	-	-	21,068,166	-	(331,167)	28,842,944
Motor vehicles	268,311	303,325	(63,250)	-	-	-	(196,681)	311,705
Office equipment	121,871	13,610	-	-	-	-	(53,102)	82,379
Operating equipment	9,165,635	70,638	(166,022)	-	-	-	(1,557,169)	7,513,082
Plant and machinery	-	1,612,083	(1,520,501)	-	-	-	(40,302)	51,280
Vessel equipment	87,219	-	-	-	-	-	(20,252)	66,967
Vessels	1,587,300	-	(214,500)	-	-	(429,000)	-	943,800
Construction work-in-progress	8,660,330	18,700,785	-	-	(21,068,166)	-	-	6,292,949
	40,216,054	20,830,614	(1,964,273)	-	-	(429,000)	(2,198,673)	56,454,722

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	**Cost RM**	**Accumulated depreciation RM**	**Accumulated impairment losses RM**	**Carrying amount RM**
At 31.3.2022				
Freehold land	6,014,462	-	-	6,014,462
Buildings	20,746,751	(639,439)	-	20,107,312
Motor vehicles	994,520	(994,520)	-	-
Office equipment	2,175,035	(1,049,784)	-	1,125,251
Operating equipment	22,208,975	(16,249,486)	-	5,959,489
	52,139,743	(18,933,229)	-	33,206,514
At 31.3.2021				
Freehold land	12,349,616	-	-	12,349,616
Buildings	29,480,058	(637,114)	-	28,842,944
Motor vehicles	1,418,723	(1,107,018)	-	311,705
Office equipment	924,814	(821,874)	(20,561)	82,379
Operating equipment	23,412,167	(15,899,085)	-	7,513,082
Plant and machinery	567,918	(260,139)	(256,499)	51,280
Vessel equipment	850,509	(670,317)	(113,225)	66,967
Vessels	11,157,213	(6,597,157)	(3,616,256)	943,800
Construction work-in-progress	6,292,949	-	-	6,292,949
	86,453,967	(25,992,704)	(4,006,541)	56,454,722

A building of the Group which amounted to RM7,191,259 (2021:RM548,584) has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

Company	**At 1 April RM**	**Depreciation RM**	**At 31 March RM**
2021/2022			
Office equipment	832	(250)	582
2020/2021			
Office equipment	1,150	(318)	832

	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
At 31.3.2022			
Office equipment	340,122	(339,540)	582
At 31.3.2021			
Office equipment	340,122	(339,290)	832

6 RIGHT-OF-USE ASSETS

Group

Carrying amount	At 1 April RM	Additions (Note 11) RM	Disposals of subsidiaries (Note 30) RM	Depreciation RM	At 31 March RM
2021/2022					
Leasehold land under Sale and Purchase Agreements	25,315,820	8,159,641	(20,958,942)	(341,998)	12,174,521
Leasehold land under Lease Agreement	15,770,984	-	-	(548,556)	15,222,428
	41,086,804	8,159,641	(20,958,942)	(890,554)	27,396,949
2020/2021					
Leasehold land under Sale and Purchase Agreements	25,703,357	-	-	(387,537)	25,315,820
Leasehold land under Lease Agreement	16,319,540	-	-	(548,556)	15,770,984
	42,022,897	-	-	(936,093)	41,086,804

	Cost RM	Accumulated depreciation RM	Carrying amount RM
At 31.3.2022			
Leasehold land under Sale and Purchase Agreements	12,764,921	(590,400)	12,174,521
Leasehold land under Lease Agreement	16,456,679	(1,234,251)	15,222,428
	29,221,600	(1,824,651)	27,396,949
At 31.3.2021			
Leasehold land under Sale and Purchase Agreements	27,249,042	(1,933,222)	25,315,820
Leasehold land under Lease Agreement	16,456,679	(685,695)	15,770,984
	43,705,721	(2,618,917)	41,086,804

(a) Certain leasehold land under Sale and Purchase Agreements of the Group which amounted to RM4,062,959 (2021: RM25,315,820) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

(b) The leasehold land under Lease Agreement of the Group at the reporting period is used in operations and its lease term is 30 years. The Lease Agreement includes extension and termination options which are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether the extension and termination options are reasonably certain to be exercised.

7 INVESTMENTS IN SUBSIDIARIES

Company	2022 RM	2021 RM
Unquoted shares, at cost		
At 1 April 2021/2020	19,658,935	20,658,935
Acquisitions (Note 29)	5,200,000	-
Addition	2,200,001	-
Disposals (Note 30)	(2,442,000)	(1,000,000)
At 31 March	24,616,936	19,658,935

Details of the subsidiaries are as follows:

Name of subsidiary	Principal Place of Business/Country of Incorporation	Percentage of issued share capital held by Parent 2022	2021	Principal activities
Channel Legion Sdn. Bhd.	Malaysia	100%	50%	Investment holding
Complete Logistic Specialists Sdn. Bhd.	Malaysia	100%	100%	Total logistics services provider
Ecocentre Sdn. Bhd. #	Malaysia	-	65%	Dormant
Guper Bonded Warehouse Sdn. Bhd. #	Malaysia	100%	100%	Investment holding
Guper Properties Sdn. Bhd. #	Malaysia	100%	100%	Insurance agents and provision of management services
Guper Resources Sdn. Bhd. #	Malaysia	-	100%	Investment holding
Island Network Sdn. Bhd.	Malaysia	100%	100%	General trading
Malsuria Logistics Sdn. Bhd.	Malaysia	-	100%	Shipowner and provision of marine transportation services
Malsuria (M) Sdn. Bhd.	Malaysia	100%	100%	Providing financial services
Pengangkutan Sekata Sdn. Bhd.	Malaysia	100%	100%	Lorry transport operator
CIBC Technology Sdn. Bhd. (Formerly known as Sierra Jaya Sdn. Bhd.)	Malaysia	65%	100%	Trading and E-commerce
Sin Hiap Hoe Trading & Transport Sdn. Bhd. #	Malaysia	100%	100%	Lorry transport operator
Ultra Trinity Sdn. Bhd. #	Malaysia	-	100%	Investment holding

7 INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Principal Place of Business/Country of Incorporation	Percentage of issued share capital held by Parent 2022	2021	Principal activities
Hextar Marketing Sdn. Bhd.	Malaysia	100%	-	Trading of building materials and other general items
Hextar Vision Sdn. Bhd.	Malaysia	100%	-	Provision of technology related services
Subsidiary of Pengangkutan Sekata Sdn. Bhd.				
Dian Pahlawan Sdn. Bhd. #	Malaysia	100%	100%	Lorry transport operator

Not audited by Crowe Malaysia PLT

(a) Details of the acquisitions of subsidiaries are disclosed in Note 29 to the financial statements.

(b) Details of the disposals of subsidiaries are disclosed in Note 30 to the financial statements.

(c) The non-controlling interests at the end of the reporting period comprise the following:

Group	Effective equity interest 2022 %	2021 %	2022 RM	2021 RM
Ecocentre Sdn. Bhd.	-	35	-	39,332
Channel Legion Sdn. Bhd. ("CL")	-	50	-	(24,740)
CIBC Technology Sdn Bhd ("CTSB")	35	-	(330,849)	-
			(330,849)	14,592

The summarised financial information (before intra-group elimination) for the subsidiaries that has non-controlling interests that are material to the Group is as follows:

	Ecocentre Sdn. Bhd. 2022 RM	2021 RM
At 31 March		
Current assets	-	704,730
Current liabilities	-	(592,346)
Net assets	-	112,384
Financial year ended 31 March		
Loss after tax/Total comprehensive expenses	-	(71,158)
Total comprehensive expenses attributable to non-controlling interests	-	(24,907)
Net cash from operating activities	-	830,600
Net cash from investing activities	-	1,235,558
Net cash used in financing activities	-	(1,465,501)

7 INVESTMENTS IN SUBSIDIARIES (continued)

(c) The summarised financial information (before intra-group elimination) for the subsidiaries that has non-controlling interests that are material to the Group is as follows: (continued)

	CL	
	2022 RM	**2021 RM**
At 31 March		
Non-current assets	-	28,292,283
Current assets	-	734,674
Non-current liabilities	-	(15,596,690)
Current liabilities	-	(13,479,744)
Net liabilities	-	(49,477)
Financial year ended 31 March		
Revenue	-	645,598
Loss after tax/Total comprehensive expenses	-	(520,208)
Total comprehensive expenses attributable to non-controlling interests	-	(260,105)
Net cash from operating activities	-	1,727,380
Net cash used in investing activities	-	(12,521,299)
Net cash from financing activities	-	10,819,282

	CTSB	
	2022 RM	**2021 RM**
At 31 March		
Non-current assets	987,642	-
Current assets	4,774,225	-
Current liabilities	(6,698,227)	-
Net liabilities	(936,360)	-
Financial year ended 31 March		
Revenue	7,058,414	-
Loss after tax/Total comprehensive expenses	(859,767)	-
Total comprehensive expenses attributable to non-controlling interests	(300,918)	-
Net cash used in operating activities	(2,691,077)	-
Net cash from investing activities	581,509	-
Net cash from financing activities	2,596,033	-

8 INVESTMENTS IN ASSOCIATES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost	21,400,000	21,400,000	21,400,000	21,400,000
Share of post acquisition results	3,197,112	1,998,549	-	-
	24,597,112	23,398,549	21,400,000	21,400,000

Details of the associates are as follows:

Name of associate	Principal Place of Business/Country of Incorporation	Effective equity interest 2022	Effective equity interest 2021	Principal activities
Dolphin Shipping Agency Sdn. Bhd. # ("DSA")	Malaysia	20%	20%	Shipping agent for provision of freight services
Gems Logistics Sdn. Bhd. # ("GL")	Malaysia	20%	20%	Provision of warehousing services
Guper Integrated Logistics Sdn. Bhd. # ("GIL")	Malaysia	20%	20%	Provision of total logistic services with haulage, forwarding and other associated services

Not audited by Crowe Malaysia PLT

The summarised financial information (after any fair value adjustment at acquisition date) for the associates that are material to the Group is as follows:

	DSA RM	GIL RM	GL RM	Total RM
At 31 March 2022				
Non-current assets	15,903,673	42,262,824	24,076,086	82,242,583
Current assets	3,245,767	45,693,027	510,759	49,449,553
Non-current liabilities	-	(14,070,155)	(12,721,979)	(26,792,134)
Current liabilities	(16,271,749)	(7,053,706)	(5,168,373)	(28,493,828)
Net assets	2,877,691	66,831,990	6,696,493	76,406,174
At 31 March 2021				
Non-current assets	16,208,577	42,971,523	24,833,597	84,013,697
Current assets	2,480,323	47,607,618	539,354	50,627,295
Non-current liabilities	-	(16,883,500)	(12,992,568)	(29,876,068)
Current liabilities	(16,091,084)	(10,459,461)	(7,801,018)	(34,351,563)
Net assets	2,597,816	63,236,180	4,579,365	70,413,361

8 INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information (after any fair value adjustment at acquisition date) for the associates that are material to the Group is as follows: (continued)

	DSA RM	GIL RM	GL RM	Total RM
Financial year ended 31 March 2022				
Revenue	8,841,182	56,118,476	4,117,757	69,077,415
Profit after tax/ Total comprehensive income	279,875	3,595,810	2,117,128	5,992,813
Financial year ended 31 March 2021				
Revenue	5,135,619	46,763,138	3,703,124	55,601,881
Profit after tax/ Total comprehensive income	204,589	7,181,300	1,416,363	8,802,252
Reconciliation of net assets to carrying amount				
2022				
Group’s share of net assets	575,538	13,366,398	1,339,299	15,281,235
Gain on remeasuring to the fair value of the retained interests in the former subsidiaries	1,118,344	7,379,051	818,482	9,315,877
Carrying amount of the Group’s interests in the associates	1,693,882	20,745,449	2,157,781	24,597,112
2021				
Group’s share of net assets	519,563	12,647,236	915,873	14,082,672
Gain on remeasuring to the fair value of the retained interests in the former subsidiaries	1,118,344	7,379,051	818,482	9,315,877
Carrying amount of the Group’s interests in the associates	1,637,907	20,026,287	1,734,355	23,398,549

9 OTHER INVESTMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Quoted ordinary shares, at fair value - Classic Scenic Berhad	29,160,000	29,160,000	29,160,000	29,160,000

The Group has designated its equity investment at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	53,270,088	10,008,605	-	-
Subsidiary	-	-	-	14,000
Related parties	1,543,038	193,882	-	-
Associate	92,508	-	-	-
Less: Impairment loss on third party receivables	(1,767,897)	(763,381)	-	-
	53,137,737	9,439,106	-	14,000
Other receivables				
Subsidiaries	-	-	107,975,638	70,113,112
Other receivables	1,410,828	281,981	-	-
Related parties	96,592	-	96,592	-
Associate	16,953	63,243	-	-
Deposits	485,348	2,206,537	2,000	2,000
Prepayments	436,882	228,927	15,123	15,000
	2,446,603	2,780,688	108,089,353	70,130,112
	55,584,340	12,219,794	108,089,353	70,144,112

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 to 90 (2021: 30 to 120) days.

(b) Movement of the impairment loss on third party receivables is as follows:

Group	2022 RM	2021 RM
At 1 April	(763,381)	(421,216)
Addition	(567,746)	(342,165)
Reversal	79,797	-
Acquisition of a subsidiary	(516,567)	-
At 31 March	(1,767,897)	(763,381)

(c) Amounts owing by subsidiaries represent payments made on behalf, which are unsecured, interest-free and repayable on demand.

(d) Amount owing by an associate represents payment made on behalf, which is unsecured, interest-free and repayable on demand.

(e) Amount owing by related parties represents payment made on behalf, which is unsecured, interest-free and repayable on demand.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with a licensed bank	165,000	165,000	-	-
Short-term investments	17,745,257	33,609,232	17,745,257	33,609,232
Cash and bank balances	9,487,964	16,077,707	2,781,149	11,160,712
As per statements of financial position	27,398,221	49,851,939	20,526,406	44,769,944
Fixed deposits pledged to a licensed bank	(165,000)	(165,000)	-	-
As per statements of cash flows	27,233,221	49,686,939	20,526,406	44,769,944

(a) Fixed deposits of the Group at the end of the reporting period have maturity period of 12 (2021: 12) months.

(b) Effective interest rate of the fixed deposits of the Group is 1.60% (2021: 1.60%) per annum.

(c) Short-term investments are investments in cash funds which are designated as fair value through profit or loss.

(d) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	Group	
	2022 RM	2021 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased	2,933,855	20,830,614
Right-of-use assets		
Cost of right-of-use assets purchased	8,159,641	-

11 CASH AND CASH EQUIVALENTS (continued)

(e) The reconciliations of liabilities arising from financing activities are as follows:

Group	Term Loans RM	Bills Payable RM	Total RM
2022			
At 1 April 2021	17,010,689	-	17,010,689
Changes in financing cash flows:			
Proceeds from drawdown	-	4,889,000	4,889,000
Repayment of borrowing principal	(3,427,152)	(4,388,000)	(7,815,152)
Repayment of borrowing interests	(345,989)	(44,213)	(390,202)
	(3,773,141)	456,787	(3,316,354)
Non-cash changes:			
Acquisition of subsidiary (Note 29)	-	1,946,000	1,946,000
Disposals of subsidiaries (Note 30)	(13,525,243)	-	(13,525,243)
Finance charges recognised in profit or loss (Note 24)	345,989	44,213	390,202
	(13,179,254)	1,990,213	(11,189,041)
At 31 March	58,294	2,447,000	2,505,294
2021			
At 1 April 2020	15,196,060	-	15,196,060
Changes in financing cash flows:			
Proceeds from drawdown	6,000,000	-	6,000,000
Repayment of borrowing principal	(4,185,371)	-	(4,185,371)
Repayment of borrowing interests	(419,522)	-	(419,522)
	1,395,107	-	1,395,107
Non-cash changes:			
Finance charges recognised in profit or loss (Note 24)	419,522	-	419,522
	419,522	-	419,522
At 31 March	17,010,689	-	17,010,689

12 SHARE CAPITAL

Group and Company	2022 Number of shares	2022 RM	2021 Number of shares	2021 RM
Issued and fully paid-up:				
At 1 April 2021/2020	128,649,000	72,397,926	126,998,500	70,477,440
Issued during the financial year	-	-	1,650,500	1,920,486
At 31 March	128,649,000	72,397,926	128,649,000	72,397,926

13 RETAINED EARNINGS

Company

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

14 OTHER RESERVES

		Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-distributable					
Fair value reserve	(a)	(227,851)	(227,851)	(227,851)	(227,851)
Share option reserve	(b)	22,052	55,162	22,052	55,162
		(205,799)	(172,689)	(205,799)	(172,689)

(a) **Fair value reserve**

The fair value reserve represents the cumulative fair value changes of investments designated at fair value through other comprehensive income.

14 OTHER RESERVES (continued)

(b) **Share option reserve**

The share option reserve represents the equity-settled share options granted to directors and employees of the Group.

In previous financial years, the Company granted share options to eligible directors and employees of the Group under the Share Issuance Scheme ("SIS") approved by the shareholders of the Company at the extraordinary general meeting held on 25 September 2013 to subscribe for a total of 6,400,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which 40,000 (2021: 200,000) ordinary shares were forfeited during the financial year due to the resignations of employees and a total of nil (2021: 40,000) ordinary shares were exercisable at the end of the reporting period. On 27 June 2016, the Company has granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 845,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which 2,000 (2021: 5,000) ordinary shares were forfeited due to the resignations of employees and a total of 32,000 (2021: 34,000) ordinary shares are exercisable at the end of the reporting period. On 28 April 2017, the Company has granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 1,055,000 ordinary shares at an exercise price of RM0.88 per share ("SIS 3"), out of which 29,000 (2021: nil) ordinary shares were forfeited due to the resignations of employees and a total of 10,000 (2021: 39,000) ordinary shares were exercisable at the end of the reporting period. On 3 September 2018, the Company has granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 2,328,000 ordinary shares at an exercise price of RM0.55 per share ("SIS 4"), out of which no (2021: nil) ordinary shares were forfeited due to the resignations of employees and a total of 20,000 (2021: 20,000) ordinary shares were exercisable at the end of the reporting period.

The share options granted are exercisable at any time from the date of offer up to the date of expiry on 18 November 2018 subject to a maximum percentage of 100% (2021: 100%) of the total number of share options granted in each year from the date of offer. Where the maximum percentage of the share options for a particular period is not fully exercised, the unexercised share options shall be carried forward to the next period and shall not be subject to the maximum percentage for the next period.

On 4 September 2018, the Board has approved to extend its existing SISs' tenure which is expiring on 18 November 2018 for another 5 years until 18 November 2023. These options are exercisable on the specified exercisable period and stated in the SIS By-Laws subject to the options being vested as follows:

	From 19.11.2018	**From 1.4.2019**	**From 1.4.2020**
SIS 1	20%	80%	-
SIS 2	-	50%	50%
SIS 3	-	50%	50%
SIS 4	100%	-	-

14 OTHER RESERVES (continued)

(b) Share option reserve (continued)

The number and weighted average exercise prices ("WAEP") of share options are as follows:

Company	2022 WAEP	2022 Number of options	2021 WAEP	2021 Number of options
SIS 1				
Outstanding at 1 April 2021/2020	RM0.62	40,000	RM0.62	573,000
Exercised	RM0.62	-	RM0.62	(333,000)
Forfeited	RM0.62	(40,000)	RM0.62	(200,000)
Outstanding at 31 March	RM0.62	-	RM0.62	40,000
Exercisable at 31 March	RM0.62	-	RM0.62	40,000
SIS 2				
Outstanding at 1 April 2021/2020	RM0.68	34,000	RM0.68	375,500
Exercised	RM0.68	-	RM0.68	(336,500)
Forfeited	RM0.68	(2,000)	RM0.68	(5,000)
Outstanding at 31 March	RM0.68	32,000	RM0.68	34,000
Exercisable at 31 March	RM0.68	32,000	RM0.68	34,000
SIS 3				
Outstanding at 1 April 2021/2020	RM0.88	39,000	RM0.88	770,000
Exercised	RM0.88	-	RM0.88	(731,000)
Forfeited	RM0.88	(29,000)	RM0.88	-
Outstanding at 31 March	RM0.88	10,000	RM0.88	39,000
Exercisable at 31 March	RM0.88	10,000	RM0.88	39,000
SIS 4				
Outstanding at 1 April 2021/2020	RM0.55	20,000	RM0.55	270,000
Granted	RM0.55	-	RM0.55	-
Exercised	RM0.55	-	RM0.55	(250,000)
Forfeited	RM0.55	-	RM0.55	-
Outstanding at 31 March	RM0.55	20,000	RM0.55	20,000
Exercisable at 31 March	RM0.55	20,000	RM0.55	20,000

14 OTHER RESERVES (continued)

(b) Share option reserve (continued)

The fair value of share options is measured using Black-Scholes model taking into account the following assumptions:

	SIS 1	SIS 2	SIS 3	SIS 4
Fair value at grant date	RM0.217	RM0.122	RM0.266	RM0.266
Exercise price	RM0.62	RM0.68	RM0.88	RM0.55
Share price at grant date	RM0.69	RM0.75	RM1.03	RM0.60
Weighted average share price	RM0.65	RM0.71	RM1.00	RM0.60
Expected life	5 years	874 days	569 days	76 days
Expected dividend yield	0%	0%	0%	0%
Expected volatility	22.62%	8.19%	32.55%	15.06%
Risk-free rate	3.10%	3.05%	3.05%	3.05%

15 TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of proceeds received from their subsequent sale or issuance. The shares purchased were retained as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from the shareholders' equity.

During the financial year, the Company had disposed all the treasury shares held of 319,300 through the open market at an average price of RM2.21 per share. The total consideration received was RM703,948 including transaction costs.

The Company does not hold any of its issued ordinary shares as treasury shares after the disposal.

16 LEASE LIABILITIES

Group	2022 RM	2021 RM
At 1 April 2021/2020	16,147,058	16,394,754
Interest expense recognised in profit or loss (Note 24)	804,102	822,834
Repayment of principal	(266,429)	(247,696)
Repayment of interest expense	(804,102)	(822,834)
At 31 March	15,880,629	16,147,058
Analysed by:		
Current liabilities	263,332	550,368
Non-current liabilities	15,617,297	15,596,690
	15,880,629	16,147,058

17 BORROWINGS

Group	2022 RM	2021 RM
Bills payable	2,447,000	-
Term loan	58,294	17,010,689
	2,505,294	17,010,689
Non-current portion		
Repayable between 1 and 2 years	-	3,106,975
Repayable between 2 and 5 years	-	7,567,950
Repayable more than 5 years	-	1,504,022
	-	12,178,947
Current portion		
Repayable within 1 year	2,505,294	4,831,742
	2,505,294	17,010,689

(a) The effective interest rate of bills payable ranging from 3.07% to 3.15% (2021 : nil) per annum. The bills payable is secured by a corporate guarantee issued by the Company.

(b) Term loans are secured by:

(i) a corporate guarantee of the Company as disclosed in Note 21;
(ii) certain property, plant and equipment of the Group as disclosed in Note 5;
(iii) certain right-of-use assets of the Group as disclosed in Note 6.

Details of term loans are as follows:

	2022 RM	2021 RM
Term loan I	-	1,025,747
Term loan II	-	729,640
Term loan III	-	525,243
Term loan IV	58,294	758,302
Term loan V	-	3,720,274
Term loan VI	-	4,449,259
Term loan VII	-	5,802,224
	58,294	17,010,689

17 BORROWINGS (continued)

Details of term loans are as follows: (continued)

	Number of monthly instalments	Monthly instalments RM	Commencement month of repayment	Effective interest rate per annum 2022 %	2021 %
Term loan I	84 *	63,929	September 2015	-	3.36
Term loan II	84 *	45,477	August 2015	-	3.36
Term loan III	84 *	32,739	August 2015	-	3.36
Term loan IV	60 *	58,334	May 2017	4.22	4.22
Term loan V	84	69,580	May 2019	-	3.25
Term loan VI	84	80,597	November 2019	-	3.25
Term loan VII	84 *	71,429	January 2021	-	3.36

* The monthly instalments comprising principal loan repayment only.

Information on the financial risks of term loans are disclosed in Note 34.1(c).

18 DEFERRED TAX LIABILITIES

(a) Deferred tax liabilities and assets are made up as follows:

Group	2022 RM	2021 RM
At 1 April 2021/2020	1,878,984	2,234,992
Recognised in profit or loss (Note 25)	(599,749)	(356,008)
At 31 March	1,279,235	1,878,984
Presented after appropriate offsetting:		
Deferred tax assets	(630,120)	(190,743)
Deferred tax liabilities	1,909,355	2,069,727
	1,279,235	1,878,984

(b) Components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

Deferred tax liabilities

Group	Property, plant and equipment RM	Total RM
At 1 April 2020	2,771,817	2,771,817
Recognised in profit or loss	(702,090)	(702,090)
At 31 March/1 April 2021	2,069,727	2,069,727
Recognised in profit or loss	(160,372)	(160,372)
At 31 March 2022	1,909,355	1,909,355

18 DEFERRED TAX LIABILITIES (continued)

(b) Components and movements of deferred tax liabilities and assets prior to offsetting are as follows: (continued)

Deferred tax assets

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Provisions RM	Total RM
At 1 April 2020	(2,801)	(497,792)	(36,232)	(536,825)
Recognised in profit or loss	(1,175)	329,141	18,116	346,082
At 31 March/1 April 2021	(3,976)	(168,651)	(18,116)	(190,743)
Recognised in profit or loss	(102,978)	(201,055)	(135,344)	(439,377)
At 31 March 2022	(106,954)	(369,706)	(153,460)	(630,120)

(c) Amounts of temporary differences for which no deferred tax assets have been recognised are as follows:

Group	2022 RM	2021 RM
Property, plant and equipment	(153,983)	(465,410)
Unutilised tax losses	3,051,880	3,168,016
Others	596,969	225,201
	3,494,866	2,927,807

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

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	3,914,005	2,399,654	-	-
Related parties	29,594	530,969	-	-
Associates	26,515	-	-	-
	3,970,114	2,930,623	-	-
Other payables				
Other payables	1,174,878	5,112,578	1,039	21,449
Related parties	303,033	235,093	-	2,979
Subsidiaries	-	-	-	591,894
Director	-	3,414,949	-	-
Accruals	1,132,796	2,529,248	226,463	147,591
	2,610,707	11,291,868	227,502	763,913
	6,580,821	14,222,491	227,502	763,913

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 (2021: 30 to 120) days.

(b) Amounts owing to related parties represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

(c) Amounts owing to subsidiaries in previous financial year represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

(d) Amount owing to a director in previous financial year represents advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

20 CAPITAL COMMITMENT

Group	2022 RM	2021 RM
Approved and contracted for:		
Purchase of property, plant and equipment	286,766	7,914,983

21 FINANCIAL GUARANTEE CONTRACTS

Company	2022 RM	2021 RM
Secured		
Corporate guarantee given to licensed banks for banking and credit facilities granted to certain subsidiaries	2,505,294	17,010,689
Corporate guarantee given to suppliers for purchase of goods	98,280	-
	2,603,574	17,010,689

22 REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Timing of revenue recognition:				
Over time:				
Rendering of services	24,165,746	40,288,858	-	-
Management fee receivable	-	-	42,000	84,000
At a point in time:				
Sale of goods	89,866,694	2,058,624	-	-
Dividend income from subsidiaries	-	-	1,747,000	3,520,000
	114,032,440	42,347,482	1,789,000	3,604,000

23 COST OF SALES

Group	2022 RM	2021 RM
Purchase of goods	85,725,007	1,802,732
Services rendered	19,536,282	35,319,551
	105,261,289	37,122,283

24 PROFIT BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax is arrived at after (charging)/crediting:				
Auditors' remuneration:				
Statutory audit				
- current year	(196,075)	(141,200)	(105,500)	(50,000)
- underprovision in prior years	(31,300)	(16,000)	(40,000)	(15,000)
Other audit services	(5,000)	(5,000)	(5,000)	(5,000)
Bad debts	(40,264)	-	(40,264)	-
Depreciation of property, plant and equipment (Note 5)	(2,892,024)	(2,198,673)	(250)	(318)
Depreciation of right-of-use assets (Note 6)	(890,554)	(936,093)	-	-
Directors' remuneration:				
Directors of the Company				
- fees	(105,677)	(88,781)	(105,677)	(88,781)
- other emoluments	(607,283)	(750,573)	(217,134)	(12,500)
Directors of the subsidiaries				
- other emoluments	(130,683)	-	-	-
Impairment loss on:				
- trade receivables (Note 10)	(567,746)	(342,165)	-	-
Interest expense on:				
- lease liabilities (Note 16)	(804,102)	(822,834)	-	-
- term loans (Note 11)	(345,989)	(419,522)	-	-
- bills payable (Note 11)	(44,213)	-	-	-
Plant and equipment written off (Note 5)	(285)	-	-	-
Realised loss on foreign exchange	(5,924)	(51,008)	-	-
Share option expense	-	(118,805)	-	(118,805)
Unrealised loss on foreign exchange	(5,712)	(5,661)	-	-
Bad debts recovered	-	39,728	-	-
Dividend income from subsidiaries (Note 22)	-	-	1,747,000	3,520,000
Gain on disposals of subsidiaries	11,219,950	731,038	17,953,112	502,000
Gain on disposal of property, plant and equipment	995,576	474,422	-	-
Interest income from:				
- fixed deposits	-	211,525	-	211,525
- short-term investments	336,025	823,611	336,025	823,611
- others	49,356	1,013,276	41,671	998,694
Rental income from:				
- office	-	8,000	-	-
- factory building	611,665	-	-	-
Reversal of impairment loss on:				
- trade receivables (Note 10)	79,797	-	-	-
Realised gain on foreign exchange	21,861	55,886	-	-
Unrealised gain on foreign exchange	-	2,399	-	-

25 TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax	1,443,496	1,093,368	90,635	298,290
Deferred tax (Note 18)	(526,997)	(252,923)	-	-
	916,499	840,445	90,635	298,290
Overprovision in prior years:				
Current tax	(14,737)	(16,114)	(51,512)	(33,867)
Deferred tax (Note 18)	(72,752)	(103,085)	-	-
	(87,489)	(119,199)	(51,512)	(33,867)
	829,010	721,246	39,123	264,423

Current tax expense is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate of the Group and the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	13,548,517	4,274,652	18,673,075	5,415,359
Tax rate of 24% (2021: 24%)	3,251,644	1,025,916	4,481,538	1,299,686
Tax effects in respect of:				
Non-allowable expenses	877,933	630,332	417,770	161,551
Non-taxable income	(3,349,172)	(781,410)	(4,808,673)	(1,162,947)
Deferred tax assets not recognised	136,094	66,570	-	-
Tax-exempt income	-	(100,963)	-	-
	916,499	840,445	90,635	298,290
Overprovision in prior years:				
Current tax	(14,737)	(16,114)	(51,512)	(33,867)
Deferred tax	(72,752)	(103,085)	-	-
	829,010	721,246	39,123	264,423

Subject to the agreement of the Inland Revenue Board, certain subsidiaries have unabsorbed capital allowances and unutilised tax losses amounting to approximately RM1,768,000 (2021: RM703,000) and RM3,496,000 (2021: RM3,168,000) respectively which are available to offset against their future taxable profits.

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

26 DIVIDENDS

	2022		2021	
	Gross dividend per share RM	Amount of dividend RM	Gross dividend per share RM	Amount of dividend RM
Interim tax-exempt dividend paid	-	-	0.16	20,325,952

27 EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share has been calculated based on the consolidated profit after tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Group	2022	2021
Profit after tax (RM)	12,874,460	3,838,418
Weighted average number of ordinary shares in issue	128,649,000	127,097,716
Basic earnings per ordinary share (sen)	10.0	3.0

(b) Diluted

The diluted earnings per ordinary share has been calculated based on the consolidated profit after tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue after adjustment for the effects all dilutive potential ordinary shares during the financial year.

Group	2022	2021
Profit after tax (RM)	12,874,460	3,838,418
Weighted average number of ordinary shares for basic earnings per share	128,649,000	127,097,716
Effect of share options issued	42,210	87,312^
Weighted average number of ordinary share for diluted earnings per share	128,691,210	127,185,028
Diluted earnings per ordinary share (sen)	10.0	3.0

^ - In the previous financial year, the Company's SIS 3 do not have any dilutive effects to the Group's earning per share as the share option exercise price is higher than the market price.

The effects of the share options issued on the diluted earning per share have only accounted for SIS 1, SIS 2 and SIS 4.

28 EMPLOYEE BENEFITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages, salaries and bonuses	4,599,999	4,137,796	-	96,000
Defined contribution plans	587,047	401,510	-	-
Social security contributions	53,324	51,896	-	593
Other benefits	211,757	542,816	-	-
	5,452,127	5,134,018	-	96,593

29 ACQUISITIONS OF SUBSIDIARIES AND NON CONTROLLING INTERESTS

(a) On 31 May 2021, the Company acquired 50% remaining equity interest in Channel Legion Sdn. Bhd. ("CNSB") consisting of 250,000 ordinary shares for a total consideration of RM5,000,000. After the acquisition, CNSB became a wholly-owned subsidiary of the Company. The acquisition does not have any effect on the financial results of the Group. The carrying amount of CNSB's net assets in the Group's financial statements on that date was RM186,105. The Group recognised a decrease in non-controlling interest of RM186,105 and a decrease in retained profits of RM4,813,895.

(b) On 25 August 2021, the Company acquired 100% equity interest in Hextar Marketing Sdn. Bhd. consisting of 100,000 ordinary shares for a total consideration of RM200,000.

Details of the acquisitions are as follows:

	Group RM	Company RM
Trade and other receivables	(6,371,102)	-
Cash and cash equivalents	(796,996)	-
Trade and other payables	4,872,313	-
Contract liabilities	135,791	-
Tax liabilities	13,994	-
Borrowings	1,946,000	-
Fair value of net identifiable assets acquired	(200,000)	-
Investments in subsidiaries	-	(200,000)
Consideration paid	(200,000)	(200,000)
Cash and cash equivalents of a subsidiary acquired	796,996	-
Net cash inflow/(outflow) on acquisitions	596,996	(200,000)

The subsidiary acquired had contributed a net profit of RM38,604 to the Group's financial results from the date of acquisition. There were no material impacts to the Group's revenue and profit after tax if the acquisition had occurred on 1 April 2021.

30 DISPOSALS OF SUBSIDIARIES

(a) On 31 May 2021, the Company disposed of 65% equity interest in Ecocentre Sdn Bhd for a cash consideration of RM73,000.

(b) On 4 October 2021, the Company disposed of 35% equity interest in CIBC Technology Sdn Bhd (formerly known as Sierra Jaya Sdn Bhd) for a cash consideration of RM105,000. The carrying amount of CIBC Technology Sdn Bhd's net assets in the Group's financial statements on that date was RM99,854. The Group recognised an increase in non-controlling interest of RM34,949 and an increase in retained profits of RM70,051.

(c) On 30 November 2021, the Company disposed of the entire equity interest in Guper Resources Sdn Bhd and Ultra Trinity Sdn Bhd for cash consideration of RM16,946,000 and RM5,506,000 respectively.

On 18 May 2021, the Company disposed of the entire equity interest in Malsuria Logistics Sdn Bhd for a cash consideration of RM2,000.

Details of the disposals are as follows:

	Group RM	Company RM
Investments in subsidiaries	-	2,442,000
Property, plant and equipment	21,241,595	-
Right-of-use assets	20,958,942	-
Trade and other receivables	851,691	-
Amount owing from director	124,341	-
Tax recoverable	87,580	-
Cash and bank balances	367,939	-
Trade and other payables	(1,212,926)	-
Amount owing to director	(329,019)	-
Amount owing to holding company	(19,026,044)	-
Amount owing to related companies	(429,362)	-
Borrowings	(13,525,243)	-
Non-controlling interests	(39,332)	-
Carrying amount of net assets disposed of	9,070,162	2,442,000
Gain on disposals of subsidiaries	11,219,950	17,953,112
Net disposals proceeds	20,290,112	20,395,112
Cash and cash equivalents of subsidiaries disposed of	(367,939)	-
Net cash inflows on disposals of subsidiaries	19,922,173	20,395,112

30 DISPOSALS OF SUBSIDIARIES (continued)

(d) In the previous financial year, the Company had on 31 March 2021 disposed of the entire equity interest in Complete Marine Services Sdn Bhd ("CMS") and Malsuria Tanker Services Sdn Bhd ("MTS") for cash consideration of RM2,000 and RM1,500,000 respectively.

Details of the disposals are as follows:

	Group RM	Company RM
Investments in subsidiaries	-	1,000,000
Property, plant and equipment	429,000	-
Trade and other receivables	579,820	-
Cash and bank balances	366,917	-
Trade and other payables	(604,967)	-
Tax recoverable	192	-
Carrying amount of net assets disposed of	770,962	1,000,000
Gain on disposals of subsidiaries	731,038	502,000
Net disposals proceeds	1,502,000	1,502,000
Cash and cash equivalents of subsidiaries disposed of	(366,917)	-
Net cash inflows on disposals of subsidiaries	1,135,083	1,502,000

31 DIRECTORS' REMUNERATION

Aggregate amounts of emoluments received and receivable by the Directors during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors:				
Non-fee emoluments	496,919	658,163	148,152	-
Defined contribution plans	59,114	79,910	17,732	-
Executive directors of the subsidiaries:				
Non-fee emoluments	116,739	-	-	-
Defined contribution plans	13,944	-	-	-
Non-executive Directors:				
Fees	105,677	88,781	105,677	88,781
Other emoluments	51,250	12,500	51,250	12,500
	843,643	839,354	322,811	101,281

31 DIRECTORS' REMUNERATION (continued)

In previous financial years, the Company granted share options to eligible key management personnel of the Group under the Share Issuance Scheme ("SIS") to subscribe for a total of 3,030,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which no (2021: nil) ordinary shares were exercisable at the end of the reporting period. On 27 June 2016, the Company has granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 10,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which no ordinary shares was exercisable at the end of the reporting period. On 28 April 2017, the Company granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 50,000 ordinary shares at an exercise price of RM0.88 per share ("SIS 3"), out of which no (2021: nil) ordinary shares were exercisable at the end of the reporting period. On 3 September 2018, the Company granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 110,000 ordinary shares at an exercise price of RM0.55 per share ("SIS 4"), out of which no ordinary shares was exercisable at the end of the reporting period.

During the financial year, no (2021: nil) ordinary shares under the SIS were exercised by the eligible key management personnel of the Group.

32 RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group and the Company include:

(i) its subsidiaries;
(ii) its associates;
(iii) close family members of certain directors of the Company and the subsidiaries;
(iv) companies in which certain directors of the Company and the subsidiaries have direct and indirect financial interests; and
(v) key management personnel which comprises persons (including the directors of the Company and of the subsidiaries) having authority and responsibility for planning, directing and controlling the activities of the Company and the subsidiaries directly or indirectly.

32 RELATED PARTY DISCLOSURES (continued)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group has carried out the following transactions with the related parties during the financial year:

	2022 RM	2021 RM
Group		
Companies in which a former Director has interests:		
Revenue from sales of goods and services rendered	23,909	939,510
Rental income receivable	-	8,000
Forwarding service charges payable	(1,391)	(402,619)
Spare parts, tyres, tyres maintenance services and consumables payable	(74,769)	(46,242)
Companies in which a major shareholder has interests:		
Revenue from services rendered	463,303	-
Companies in which a Director of subsidiary has interests:		
Revenue from sales of goods	2,061,430	-
Purchase of goods payable	(16,064)	-
Company		
Dividend income from subsidiaries	1,747,000	3,520,000
Management fee receivable from a subsidiary	42,000	84,000
Management fee payable to a subsidiary	(99,000)	-

(c) Compensation of key management personnel

The remunerations of key management personnel are as follows:

	2022 RM	2021 RM
Group		
Short-term employee benefits	856,728	658,163
Defined contribution plans	102,134	79,910
	958,862	738,073

In previous financial years, the Company granted share options to eligible key management personnel of the Group under the Share Issuance Scheme ("SIS") to subscribe for a total of 3,030,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which no (2021: nil) ordinary shares were exercisable at the end of the reporting period. On 27 June 2016, the Company has granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 10,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which no ordinary shares was exercisable at the end of the reporting period. On 28 April 2017, the Company granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 50,000 ordinary shares at an exercise price of RM0.88 per share ("SIS 3"), out of which no (2021: nil) ordinary shares were exercisable at the end of the reporting period. On 3 September 2018, the Company granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 110,000 ordinary shares at an exercise price of RM0.55 per share ("SIS 4"), out of which no ordinary shares was exercisable at the end of the reporting period.

During the financial year, no (2021: nil) ordinary shares under the SIS were exercised by the eligible key management personnel of the Group.

33 OPERATING SEGMENTS

(a) Business segments

Segment information is presented based on the Group's business segments which are also the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intersegment pricing is determined based on negotiated terms.

The Group's operations comprise the following business segments:

Logistics	:	Total logistic services provider including lorry transportation services (tanker, general cargo, side curtain), project logistics and freighting services
Warehousing	:	Provision of warehouse for renting
Trading	:	Trading of building materials
Marine	:	Provision of marine transportation services
Others	:	Trading of goods, insurance agents and investment holding

33 OPERATING SEGMENTS (continued)

(a) Business segments (continued)

	Logistics RM	Warehousing RM	Marine RM	Trading RM	Others RM	Elimination RM	Total RM
2022							
Revenue							
External revenue	17,898,473	5,745,496	410,021	89,868,388	110,062	-	114,032,440
Intersegment revenue	-	-	-	-	2,775,000	(2,775,000)	-
	17,898,473	5,745,496	410,021	89,868,388	2,885,062	(2,775,000)	114,032,440
Results							
Segment results	(726,796)	4,974,966	541,642	2,316,300	11,582,343	(548,437)	18,140,018
Depreciation	(1,933,814)	(1,417,441)	-	(425,108)	(6,215)	-	(3,782,578)
Interest income	4,614	-	1,768	1,117	377,882	-	385,381
Finance costs	(18,545)	(1,131,546)	-	(44,213)	-	-	(1,194,304)
(Loss)/Profit before tax	(2,674,541)	2,425,979	543,410	1,848,096	11,954,010	(548,437)	13,548,517
Tax expense	537,163	(857,189)	-	(428,916)	(80,068)	-	(829,010)
(Loss)/Profit after tax	(2,137,378)	1,568,790	543,410	1,419,180	11,873,942	(548,437)	12,719,507

33 OPERATING SEGMENTS (continued)

(a) Business segments (continued)

	Logistics RM	Warehousing RM	Marine RM	Others RM	Elimination RM	Total RM
2021						
Revenue						
External revenue	27,874,774	2,710,498	8,932,997	2,829,213	-	42,347,482
Intersegment revenue	902,170	-	170,959	3,604,000	(4,677,129)	-
	28,776,944	2,710,498	9,103,956	6,433,213	(4,677,129)	42,347,482
Results						
Segment results	1,923,040	2,492,934	(393,443)	3,641,380	(1,060,549)	6,603,362
Depreciation	(1,934,404)	(581,845)	(22,091)	(596,426)	-	(3,134,766)
Interest income	13,764	-	625	2,034,023	-	2,048,412
Finance costs	(50,849)	(567,782)	-	(623,725)	-	(1,242,356)
(Loss)/Profit before tax	(48,449)	1,343,307	(414,909)	4,455,252	(1,060,549)	4,274,652
Tax expense	(81,589)	(339,942)	94,964	(394,679)	-	(721,246)
(Loss)/Profit after tax	(130,038)	1,003,365	(319,945)	4,060,573	(1,060,549)	3,553,406

33 OPERATING SEGMENTS (continued)

(b) Geographical segments

Geographical segment has not been presented as the Group's current activities are predominantly carried out in Malaysia.

(c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		**Segment**
	2022 RM	**2021 RM**	
Customer #1	48,855,190	-	Trading
Customer #2	14,433,485	-	Trading
Customer #3	-	4,033,864	Marine

34 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

34.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Indonesian Rupiah. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows:

	United States Dollar RM	Ringgit Malaysia RM	Total RM
2022			
Financial assets			
Other investment	-	29,160,000	29,160,000
Trade and other receivables	45,319	54,616,791	54,662,110
Cash and cash equivalents	488,506	26,909,715	27,398,221
	533,825	110,686,506	111,220,331
Financial liabilities			
Trade and other payables	(23,127)	(6,557,694)	(6,580,821)
Borrowings	-	(2,505,294)	(2,505,294)
	(23,127)	(9,062,988)	(9,086,115)
Net financial assets	510,698	101,623,518	102,134,216
Less: Net financial assets denominated in the respective entities functional currencies	-	(101,623,518)	(101,623,518)
Currency exposure	510,698	-	510,698

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows: (continued)

	United States Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
2021				
Financial assets				
Other investment	-	-	29,160,000	29,160,000
Trade and other receivables	128,697	-	9,655,633	9,784,330
Cash and cash equivalents	629,821	71	49,222,047	49,851,939
	758,518	71	88,037,680	88,796,269
Financial liabilities				
Trade and other payables	-	-	(14,222,491)	(14,222,491)
Borrowings	-	-	(17,010,689)	(17,010,689)
	-	-	(31,233,180)	(31,233,180)
Net financial assets	758,518	71	56,804,500	57,563,089
Less: Net financial assets denominated in the respective entities functional currencies	-	-	(56,804,500)	(56,804,500)
Currency exposure	758,518	71	-	758,589

Foreign currency risk sensitivity analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate risk sensitivity analysis

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

	2022 Decrease/ (Increase) RM	**2021 Decrease/ (Increase) RM**
Group		
Effects on profit after tax/other comprehensive income:		
Increase of 100 basis points	(19,040)	(129,281)
Decrease of 100 basis points	19,040	129,281

(iii) Equity price risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, associate, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries and associate regularly and repayments made by the subsidiaries and associate.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2021: 2) customers which constituted approximately 71% (2021: 38%) of its trade receivables as at the end of the reporting period.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of impairment loss

At each reporting date, the Group assess whether any of the financial assets at amortised cost and contract assets are impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group uses a more lagging past due criterion for trade receivables when it is more appropriate to reflect their loss patterns.

Trade receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables including related parties and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk chracteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 (2021: 12) months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment loss (continued)

Trade receivables and Contract Assets (continued)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (continued)

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables and contract assets are summarised below:

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
Group				
2022				
Current (not past due)	26,962,357	-	-	26,962,357
1 to 90 days past due	24,599,977	-	-	24,599,977
91 to 120 days past due	264,213	-	-	264,213
Credit impaired:				
Over 120 days past due	3,079,087	(1,452,821)	(315,076)	1,311,190
Trade receivables	54,905,634	(1,452,821)	(315,076)	53,137,737
Contract assets	83,249	-	-	83,249
	54,988,883	(1,452,821)	(315,076)	53,220,986
2021				
Current (not past due)	4,252,800	-	-	4,252,800
1 to 90 days past due	2,077,732	-	-	2,077,732
91 to 120 days past due	247,735	-	-	247,735
Credit impaired:				
Over 120 days past due	3,624,220	(606,010)	(157,371)	2,860,839
	10,202,487	(606,010)	(157,371)	9,439,106

The movements in the loss allowances in respect of trade receivables are disclosed in Note 10 to the financial statements.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment loss (continued)

Other receivables and amount owing by related parties

The Group applies the 3-stage general approach to measuring measuring expected credit losses for its other receivables and amount owing by related parties.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment loss (continued)

Fixed deposits with a licensed bank, cash and bank balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amounts owing by subsidiaries (Non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's and associate's financial position deteriorates significantly.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary and associate does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(b) Credit risk (continued)

(iii) Assessment of impairment loss (continued)

Amounts owing by subsidiaries (Non-trade balance) (continued)

Allowance for Impairment Losses

	Gross amount RM	12-month Loss allowance RM	Lifetime loss allowance RM	Carrying amount RM
The Company				
2022				
Low credit risk	107,975,638	-	-	107,975,638
2021				
Low credit risk	70,113,112	-	-	70,113,112

The movements in the loss allowances are disclosed in Note 10 to the financial statements.

Financial guarantee contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

Maturity Analysis

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

Group	Weighted average effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2022						
Lease liabilities	5.00	15,880,629	29,707,223	1,070,531	4,282,122	24,354,570
Borrowings	3.10 - 4.22	2,505,294	2,505,503	2,505,503	-	-
Trade and other payables	-	6,580,821	6,580,821	6,580,821	-	-
		24,966,744	38,793,547	10,156,855	4,282,122	24,354,570
2021						
Lease liabilities	5.00	16,147,058	29,974,856	1,070,531	5,352,653	23,551,672
Borrowings	3.42	17,010,689	18,398,298	5,321,554	11,530,201	1,546,543
Trade and other payables	-	14,222,491	14,222,491	14,222,491	-	-
		47,380,238	62,595,645	20,614,576	16,882,854	25,098,215

34 FINANCIAL INSTRUMENTS (continued)

34.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

Maturity Analysis (continued)

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

Company	Weighted average effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2022						
Trade and other payables	-	227,502	227,502	227,502	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	2,603,574	2,603,574	-	-
		227,502	2,831,076	2,831,076	-	-
2021						
Trade and other payables	-	763,913	763,913	763,913	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	17,010,689	17,010,689	-	-
		763,913	17,774,602	17,774,602	-	-

34 FINANCIAL INSTRUMENTS (continued)

34.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total shareholders' equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period is as follows:

Group	**2022 RM**	**2021 RM**
Lease liabilities	15,880,629	16,147,058
Borrowings	2,505,294	17,010,689
Trade and other payables	6,580,821	14,222,491
Less: Cash and cash equivalents	(27,398,221)	(49,851,939)
Net excess	(2,431,477)	(2,471,701)
Total shareholders' equity	171,883,718	163,049,154
Debt-to-equity ratio	Not applicable	Not applicable

34.3 Classification of financial instruments

	Group		**Company**	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Financial assets				
Fair value through profit or loss:				
Cash and cash equivalents (short-term investments)	17,745,257	33,609,232	17,745,257	33,609,232
Amortised cost:				
Trade and other receivables	54,662,110	9,784,330	108,072,230	70,127,112
Cash and cash equivalents	9,652,964	16,242,707	2,781,149	11,160,712
	82,060,331	59,636,269	128,598,636	114,897,056
Designated at fair value through other comprehensive income upon initial recognition:				
Quoted equity investment	29,160,000	29,160,000	29,160,000	29,160,000

34 FINANCIAL INSTRUMENTS (continued)

34.3 Classification of financial instruments (continued)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial liabilities				
Amortised cost:				
Trade and other payables	6,580,821	14,222,491	227,502	763,913
Borrowings	2,505,294	17,010,689	-	-
	9,086,115	31,233,180	227,502	763,913

34.4 Gains or losses arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
Fair value through profit or loss:				
Interest income on short-term investments	336,025	823,611	336,025	823,611
Amortised cost:				
Impairment loss on trade receivables	(487,949)	(342,165)	-	-
Interest income	49,356	1,224,801	41,671	1,210,219
Net (losses)/gains recognised in profit or loss	(102,568)	1,706,247	377,696	2,033,830
Equity investments at fair value through other comprehensive income:				
Fair value on investment in quoted share	-	(227,851)	-	(227,851)
Financial liabilities				
Amortised cost:				
Interest expenses	(1,194,304)	(1,242,356)	-	-
Net losses recognised in profit or loss	(1,194,304)	(1,242,356)	-	-

34 FINANCIAL INSTRUMENTS (continued)

34.5 Fair value information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	RM Level 1	RM Level 2	RM Level 3	RM Level 1	RM Level 2	RM Level 3	RM	RM
Group/Company								
2022								
Financial asset								
Other investment - Quoted	29,160,000	-	-	-	-	-	29,160,000	29,160,000
Cash and cash equivalents #	17,745,257	-	-	-	-	-	17,745,257	17,745,257
Group								
2022								
Financial liability								
Borrowings	-	-	-	-	2,505,294	-	2,505,294	2,505,294
Group/Company								
2021								
Financial asset								
Other investment - Quoted	29,160,000	-	-	-	-	-	29,160,000	29,160,000
Cash and cash equivalents #	33,609,232	-	-	-	-	-	33,609,232	33,609,232
Group								
2021								
Financial liability								
Borrowings	-	-	-	-	17,010,689	-	17,010,689	17,010,689

\# The fair value of cash and cash equivalents represent money market fund which is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) Outbreak of Coronavirus Pandemic ("Covid-19")
In transitioning to the endemic phase of Covid-19, the Company is still unable to reasonably estimate the financial impact of Covid-19 for the foreseeable future as the situation is still evolving and uncertain. Nonetheless, the Company will continuously monitor, take appropriate measures to mitigate the impact of Covid-19 on its operation and financial performance.

(b) On 7 May 2021, the Company entered into 2 conditional sale and purchase agreements for the proposed disposals of the entire equity interest in Guper Resources Sdn Bhd ("GR") and Ultra Trinity Sdn Bhd ("UT") for a cash consideration of RM16,946,000 and RM5,506,000 respectively. The proposed disposals had been approved by shareholders at the extraordinary general meeting of the Company convened on 9 September 2021. Following the completion of the disposals on 30 November 2021, GR and UT ceased to be subsidiaries of the Company.

(c) On 18 May 2021, the Company entered into a sale and purchase agreement for the disposal of the entire equity interest in Malsuria Logistics Sdn Bhd ("ML") for cash consideration of RM2,000. Following the completion of the disposal on the same day, ML ceased to be a subsidiary of the Company.

(d) On 25 May 2021, the Company entered into a sale and purchase agreement for the disposal of 65% equity interest in Ecocentre Sdn Bhd ("ECO") for cash consideration of RM73,000. Following the completion of the disposal on the same day, ECO ceased to be a subsidiary of the Company.

(e) On 27 May 2021, the Company entered into a sale and purchase agreement for the acquisition of 50% equity interest in Channel Legion Sdn Bhd ("CL") for cash consideration of RM5,000,000. Following the completion of the acquisition on 31 May 2021, CL became a wholly-owned subsidiary of the Company.

(f) On 16 August 2021, the Company entered into a sale and purchase agreement for the acquisition of 100% equity interest in Hextar Marketing Sdn Bhd ("HMSB") for cash consideration of RM200,000. Following the completion of the acquisition on 20 August 2021, HMSB became a wholly-owned subsidiary of the Company.

(g) On 27 August 2021, the Company entered into a sale and purchase agreement for the disposal of 35% equity interest in CIBC Technology Sdn Bhd ("CTSB", formerly known as Sierra Jaya Sdn Bhd) for cash consideration of RM105,000. The disposal was planned to bring in new business partners for business expansion purpose. Following the completion of the disposal on 04 October 2021, CTSB became a 65% owned subsidiary of the Company.

(h) On 6 October 2021, the Company had incorporated a new wholly-owned subsidiary, Hextar Vision Sdn Bhd, with an issued share capital of RM1.00.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

The significant events during the financial year are as follows (continued):

(i) The Company had on 14 March 2022 announced that it proposed to undertake the below multiple corporate exercises:

Proposed Diversification
The Company proposes to diversify its existing business into information communication and technology ("ICT") solutions and services, which will include but not limited to development, Internet of Things, support and maintenance services for ICT infrastructure and software, and other related ICT business activities ("Technology Businesses") ("Proposed Diversification").

Proposed Change of Name
The Company proposes to change its name from "Complete Logistic Services Berhad" to "Hextar Technologies Solutions Berhad" ("Proposed Change of Name").

Proposed Disposal
The Company had on 14 March 2022 entered into a share sale agreement ("SSA") with Dato' Ong Choo Meng ("Dato' Ong" or "Acquirer") for the proposed disposal of:

i) 36,000,000 ordinary shares in Classic Scenic Berhad ("CSCENIC") ("CSCENIC Share(s)") ("Disposal Share(s)"), representing approximately 14.94% equity interest in CSCENIC; and

ii) 18,000,000 warrants in CSCENIC ("CSCENIC Warrant(s)") ("Disposal Warrant(s)"); (collectively, "CSCENIC Securities" or "Disposal Securities"), held by CLSB to Dato' Ong, for a total cash consideration of RM32,040,000 (based on RM0.76 per Disposal Share and RM0.26 per Disposal Warrant) ("Disposal Consideration") ("Proposed Disposal").

The above mentioned multiple corporate proposals had been approved by shareholders at the extraordinary general meeting of the Company convened on 7 July 2022.

36 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as follows:

(a) Proposed Change of Name
Following the shareholders' approval at the extraordinary general meeting of the Company convened on 07 July 2022 for the above proposal, the Company has changed its name to Hextar Tecnologies Solutions Berhad on 08 July 2022.

(b) Interim dividend
The Company had on 13 July 2022, declared a single tier interim dividend of RM0.40 per ordinary share for the financial year ended 2023. The entitlement date and payment date of dividend had been fixed on 29 July 2022 and 16 August 2022.

LIST OF PROPERTIES
AS AT 31 MARCH 2022

No.	Registered Owner		Location	Tenure	Description/ Existing Use	Land Area / Built Up Area (m^2)	Date of Acquisition	Approximate Age of Building (Years)	Group Carrying Amount @ 31/3/2022 (RM)
1.	Guper Bonded Warehouse Sdn Bhd	(i)	Lot 60584 Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Freehold	Vacant Land	11,479	16.11.2007		1,227,793
		(ii)	Lot 60585 Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Freehold	Vacant Land	10,196	16.11.2007		1,090,563
		(iii)	Lot 60586 Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Freehold	Vacant Land	10,196	16.11.2007		1,090,563
		(iv)	Lot 60587 Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Freehold	Vacant Land	10,196	16.11.2007		1,090,563
		(v)	Lot 60588 Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Freehold	Vacant Land	14,164	16.11.2007		1,514,980
2.	Pengangkutan Sekata Sdn Bhd	(i)	PLO 565, Jalan Keluli, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim.	Leasehold (Expiring on 18.05.2060)	Land Warehouse	12,140 / 79,400	16.07.2016	1	4,062,959 7,191,259

LIST OF PROPERTIES(CONTINUED)
AS AT 31 MARCH 2022

No.	Registered Owner		Location	Tenure	Description/ Existing Use	Land Area / Built Up Area (m^2)	Date of Acquisition	Approximate Age of Building (Years)	Group Carrying Amount @ 31/3/2022 (RM)
3.	Channel Legion Sdn Bhd	(i)	Part of P823 & Part of P825 Port Klang Free Zone/KS12, 42920 Pulau Indah, Selangor Darul Ehsan.	Land Lease Agreement (Expiring on 11.11.2049)	Factory	25,900 / 193,400	31.03.2021	1	12,916,053
4.	Sin Hiap Hoe Trading & Transport Sdn Bhd	(i)	HSD 119778, Lot No. 121658, Mukim of Klang, District of Klang, State of Selangor	Leasehold (Expiring on 24.02.2097)	Vacant Land	9,712	12.01.2021		8,111,562

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2022

Issued and Paid Up Share Capital	:	RM72,397,926 comprising 128,649,000 shares
Voting Rights	:	One (1) vote per share
Number of Shareholders	:	798

SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	17	2.13	299	-
100 – 1,000	261	32.71	168,901	0.13
1,001 – 10,000	334	41.85	1,465,800	1.14
10,001 – 100,000	130	16.29	4,008,800	3.12
100,001 to less than 5% of the issued shares	53	6.64	43,202,700	33.58
5% and above of the issued shares	3	0.38	79,802,500	62.03
	798	100.00	128,649,000	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
	-	-	-	-	-

CHIEF EXECUTIVE'S SHAREHOLDINGS

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
	-	-	-	-	-

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Ong Choo Meng	34,948,100	27.17	57,002,500*	44.31
2.	Hextar Tech Sdn Bhd	57,002,500	44.31	-	-

Note:

(*) Deemed interest by virtue of his direct interest in Hextar Tech Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (CONTINUED)
AS AT 30 JUNE 2022

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares	%
1.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Hextar Tech Sdn. Bhd.	57,002,500	44.31
2.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	12,800,000	9.95
3.	CIMSec Nominees (Tempatan) Sdn Bhd CIMB for Dato' Ong Choo Meng (PB)	10,000,000	7.77
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng	5,330,000	4.14
5.	Tan Seio Beng	3,916,400	3.04
6.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Ong Choo Meng (SMART)	3,370,000	2.62
7.	Lim Jee Gin	2,200,000	1.71
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng	2,000,000	1.56
9.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Soon Ho	1,674,300	1.30
10.	Mok Yau Choy	1,559,000	1.21
11.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (MGN-OCM0001M)	1,448,100	1.13
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Soon Khean	1,325,000	1.03
13.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	1,231,300	0.96
14.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Keh Chuan Seng (SMART)	1,200,000	0.93
15.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Tzu Chuen	946,000	0.74
16.	Honsin Apparel Sdn bhd	870,000	0.68
17.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yih Ming	839,100	0.65
18.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Boon Chin	815,000	0.63
19.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yih Ming (7009475)	728,900	0.57
20.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Pei Shiun (7003069)	727,600	0.57
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng (MP0474)	700,000	0.54
22.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Pei Shiun	698,400	0.54
23.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cha Weay Chia	668,600	0.52
24.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Kerd Yee (7010755)	649,000	0.50
25.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yi-Lai Marketing Sdn Bhd	600,000	0.47
26.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd for Ong Soon Ho	580,000	0.45
27.	Chong Yoke Sim	502,000	0.39
28.	Tan Choon Leong	500,000	0.39
29.	Mok Yau Choy	465,300	0.36
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Boon Chin (7009041)	448,300	0.35
		115,794,800	90.01

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth (17th) Annual General Meeting ("AGM") of Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad) ("the Company") will be conducted on a fully virtual basis through live streaming and remote meeting platform of TIIH online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online on **Thursday, 25 August 2022** at **10.30 a.m**. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following purpose:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 and the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note (1)

2. To approve the following payments to Directors:

   (i) Directors' fees for the Non-Executive Directors not exceeding RM180,000 for the financial year ending 31 March 2023 (2022:RM108,000); **Ordinary Resolution 1**

   (ii) Meeting allowance for the Non-Executive Directors for the period from 26 August 2022 until the next Annual General Meeting ("AGM") of the Company: **Ordinary Resolution 2**

Position	Per Meeting Day
Board Committee Chairman	RM1,250
Non-Executive Director	RM1,000

   Please refer to Explanatory Note (2)

3. To re-elect the following Directors who retire pursuant to Article 131.1 of the Constitution of the Company:-

   (i) Datuk Iskandar Bin Sarudin **Ordinary Resolution 3**
   (ii) Dato' Ong Chong Yi **Ordinary Resolution 4**

4. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration; **Ordinary Resolution 5**

AS SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass the following resolutions:

   (A) Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") - General Allotment **Ordinary Resolution 6**

   "THAT subject always to the Companies Act 2016 ("the Act"), the constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to the extension of the implementation period of the enhanced general mandate announced by Bursa Malaysia Berhad ("Bursa Malaysia") on 23 December 2021 and thereafter, ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements to be utilised before the conclusion of the next Annual General Meeting ("AGM") of the Company; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Please refer to Explanatory Note 4(i)

(B) Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Act - Share Issuance Scheme ("SIS") Allotment **Ordinary Resolution 7**

"That pursuant to Sections 75 and 76 of the Act, full authority be and is hereby given to the Directors to issue shares in the Company from time to time under the existing SIS of the Company, provided that the aggregate number of shares to be issued under this resolution does not exceed the amount approved under the SIS and that such authority shall continue in force until the conclusion of the next AGM of the Company, and that the Directors be and are hereby empowered to obtain the approval of Bursa Securities for the listing of and quotation for the additional shares so issued".

Please refer to Explanatory Note 4(ii)

(C) Proposed Renewal of Shareholders' Mandate to Enable the Company to Purchase up to 10% of its Total Number of Issued Shares ("Proposed Renewal of Share Buy-Back Authority") **Ordinary Resolution 8**

"That subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the Main Market Listing Requirements ("MMLR") of Bursa Securities and any other relevant authority, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company's issued share capital through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:-

(i) the aggregate number of shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total number of issued shares of the Company at any one time;

(ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the retained profits of the Company; and

(iii) the authority conferred by this ordinary resolution shall commence immediately upon the passing of this ordinary resolution and continue to be in force until :-

(a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

That upon completion of the purchase(s) by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(a) cancel all the shares so purchased; and/or

(b) retain the shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Malaysia; and/or

(c) retain part thereof as treasury shares and cancel the remainder.

Please refer to Explanatory Note 4(iii)

(D) Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue and/ or Trading Nature ("Proposed Shareholders' Mandate for RRPT"):- **Ordinary Resolution 9**

"That authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements of Bursa Securities, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the RRPT, particulars of which are set out in the Circular to Shareholders dated 29 July 2022 ("the Circular"), with the Related Parties as described in the Circular, provided that such transactions are of a revenue and/or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, within the ordinary course of business of the Company and/or its subsidiaries, made at arm's length basis and on normal commercial terms which are generally available to the public and are not detrimental to the minority shareholders of the Company;

That such authority shall commence immediately upon the passing of this ordinary resolution and continue in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate for RRPT is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at that AGM; or

(ii) the expiry of the period within which the next AGM is required by law to be held but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting, whichever occurs first;

And that the Directors of the Company be 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 or give effect to the Proposed Shareholders' Mandate for RRPT".

Please refer to Explanatory Note 4(iv)

6. To transact any other business of which due notice shall have been given in accordance with the Act.

By Order of the Board
Hextar Technologies Solutions Berhad
(Formerly known as Complete Logistic Services Berhad)

Henry Ng Heng Hooi (MAICSA 7048492) (SSM PC No. 202008002923)
Maggie Wong Mee Kiat (MAICSA 7058813) (SSM PC No. 202008001958)
Secretaries

Kuala Lumpur
Dated: 29 July 2022

EXPLANATORY NOTES

1. Receiving of the Audited Financial Statements

   Item 1 of the Agenda is intended for discussion only as the provision of Section 340(1) of the Act does not require a formal approval of the shareholders of the Audited Financial Statements. As such this item is not put forward for voting.

2. Payment of Directors' Fees and Benefits

   Section 230(1) of the Act provides that the fees and any other benefits (including any compensation for loss of employment) payable to the directors of a company shall be approved by the members at a general meeting. The Board wishes to seek shareholders' approval for the following payment to the Non-Executive Directors:

   Ordinary Resolution 1 - Proposed payment of Directors' fees for the Non-Executive Directors not exceeding RM180,000 for the financial year ending 31 March 2023 (2022: RM108,000);

   The proposed Ordinary Resolution 1 is to seek shareholders' approval to facilitate the payment of Directors' fees on current year basis. In the event the Directors' fees proposed is insufficient, the Board will seek the approval of shareholders at the next AGM to authorise payment of the shortfall.

   Ordinary Resolution 2 - Proposed payment of meeting allowance of RM1,250 per meeting day for the Board Committees Chairman and RM1,000 per meeting day for the other Non-Executive Directors from 26 August 2022 until the next AGM of the Company. The meeting allowance will only be paid on the actual attendance of meetings by the Directors.

3. Form of Proxy

   (i) The AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd on its website at https://tiih.online. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at https://www.hextartech.com to register, participate and vote remotely via the RPV.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

According to the Revised Guidance Note and FAQs, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online platform is located in Malaysia and all meeting participants of a fully virtual general meeting are to participate in the meeting online.

(ii) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 August 2022 shall be eligible to attend the Meeting.

(iii) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

(iv) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

(vi) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(vii) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, the Form of Proxy may also be lodged electronically via the TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof, resolutions set out above are to be voted by poll. Kindly refer to the Administrative Guide for the AGM for further information on the electronic lodgement of proxy form.

(viii) A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Kindly refer to the Procedures for RPV as set out in the Administrative Guide for the AGM.

4. Explanatory Notes on Special Business:

(i) Ordinary Resolution 6 - Proposed renewal of authority for Directors to issue shares-General Allotment

The proposed Ordinary Resolution 6, if passed, is a renewal general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Bursa Malaysia has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated. The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming, if the need arises.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming Seventeenth AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions. The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022.

The Previous Mandate granted by the shareholders had not been utilised and hence, no proceed was raised therefrom.

(ii) Ordinary Resolution 7 - Proposed authority for Directors to issue shares – SIS Allotment

Ordinary Resolution 7 is proposed for the purpose of granting to Directors of the Company authority to allot and issue ordinary shares in the Company at any time to those employees who have exercised their options under the SIS.

(iii) Ordinary Resolution 8 - Proposed renewal of share buy-back authority

Ordinary Resolution 8, if passed, will enable the Company to utilise any of its surplus financial resources to purchase its own shares through Bursa Malaysia up to ten percent (10%) of the total number of issued shares of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.

Further information on the proposed renewal of the share buy-back authority are set out in the Statement to Shareholders of the Company dated 29 July 2022 which is dispatched together with the Company's 2022 Annual Report.

(iv) Ordinary Resolution 9 - Proposed shareholders' mandate for RRPT.

Ordinary Resolution 9, if passed, is primarily to authorise the Company and/or its unlisted subsidiaries to enter into arrangements or transactions with Related Parties, particulars of which are set out in Section 4 of the Circular to Shareholders dated 29 July 2022, which is dispatched together with the Company's 2022 Annual Report, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made available to the public.

Further information on the Proposed shareholders' mandate for RRPT are set out in the Circular to Shareholders of the Company dated 29 July 2022, which is dispatched together with the Company's 2022 Annual Report.

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PROXY FORM

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(Formerly known as Complete Logistic Services Berhad)
Company No. 200501034100 (716241-X)

I/We, ____
(FULL NAME IN CAPITALS)

of ____
(FULL ADDRESS)

being a member / members of Hextar Technologies Solutions Berhad (Formerly known as Complete Logistic Services Berhad), hereby appoint

Proxy A

Full Name	**NRIC No./Passport No./Company No.**	**Proportion of shareholdings represented**	
		No. of Shares	**%**
Address			

Proxy B

Full Name	**NRIC No./Passport No./Company No.**	**Proportion of shareholdings represented**	
		No. of Shares	**%**
Address			

100%

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth (17th) Annual General Meeting ("AGM") of Hextar Technologies Solutions Berhad (Formerly known as Complete Logistic Services Berhad) ("the Company") will be conducted on a fully virtual basis through live streaming and remote meeting platform of TIIH online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online on **Thursday, 25 August 2022 at 10.30 a.m.** or at any adjournment thereof. My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he / she thinks fit.

RESOLUTIONS		**FOR**	**AGAINST**
Ordinary Resolution1	To approve Directors' fees for the Non-Executive Directors' not exceeding RM180,000 for the financial year ending 31 March 2023		
Ordinary Resolution 2	To approve meeting allowance for Non-Executive Directors from 25 August 2022 until the next Annual General Meeting ("AGM") of the Company		
Ordinary Resolution 3	Re-election of Datuk Iskandar Bin Sarudin as Director pursuant to Article 131.1 of the Constitution of the Company		
Ordinary Resolution 4	Re-election of Dato' Ong Chong Yi as Director pursuant to Article 131.1 of the Constitution of the Company		
Ordinary Resolution 5	Re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company		
Ordinary Resolution 6	To approve authority for Directors to allot and issue shares- General Allotment		
Ordinary Resolution 7	To approve authority for Directors to allot and issue shares- Share Issuance Scheme ("SIS") Allotment		
Ordinary Resolution 8	To renew mandate for Share Buy Back		
Ordinary Resolution 9	To renew mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this ______day of_____________2022

Signature: ____________________________

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Notes:-

(i) The AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd on its website at https://tiih.online. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at https://www.hextartech.com to register, participate and vote remotely via the RPV.
According to the Revised Guidance Note and FAQs, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online platform is located in Malaysia and all meeting participants of a fully virtual general meeting are to participate in the meeting online.

(ii) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 August 2022 shall be eligible to attend the Meeting.

(iii) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

(iv) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

(vi) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(vii) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, the Form of Proxy may also be lodged electronically via the TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof, resolutions set out above are to be voted by poll. Kindly refer to the Administrative Guide for the AGM for further information on the electronic lodgement of proxy form.

(viii) A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Kindly refer to the Procedures for RPV as set out in the Administrative Guide for the AGM.

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STAMP

The Share Registrar
HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(Formerly known as Complete Logistic Services Berhad)
C/O Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01
Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala LumpurUnit

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HEXTAR TECHNOLOGIES SOLUTIONS BERHAD
(Formerly known as Complete Logistic Services Berhad)
(Registration No.: 200501034100 (716241-X))

No 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia.
Tel : 603-3003 3333 Fax : 03-3003 3330

www.hextartech.com